

THE INTERNATIONAL MONETARY FUND
AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION

CHAD

**Decision Point Document for the Enhanced
Heavily Indebted Poor Countries (HIPC) Initiative**

Prepared by the Staffs of IDA and the IMF¹

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	Table of Contents	Page
I.	Introduction	1
II.	Assessment of Eligibility	2
	A. PRGF and IDA Eligibility	2
	B. The Dimensions of Poverty	2
	C. Track Record under IMF- and IDA-Supported Adjustment Programs	3
III.	Medium-Term Outlook for Poverty Reduction	8
	A. The PRSP Process	8
	B. Macroeconomic Objectives	10
	C. Governance	12
	D. Structural and Priority Sector Policies	12
IV.	Debt Sustainability Analysis and HIPC Initiative Assistance	19
	A. Structure of External Debt	19
	B. Long-Term Macroeconomic Outlook	21
	C. Assistance under the Enhanced HIPC Initiative	23
	D. Impact of the Enhanced HIPC Initiative Assistance	26
	E. Sensitivity Analysis	29
V.	The Completion Point	29
	A. Floating Completion Point Conditions	29
	B. Monitoring the Floating Completion Point Conditions	31
VI.	The Use and Tracking of HIPC Initiative Debt Relief	31
VII.	Issues For Discussion	34

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Boxes

Box 1.	Social Development Indicators for Chad and Sub-Saharan Africa (SSA), 1994-98	2
Box 2.	Track Record from 1994 to Mid-2000	4
Box 3.	Structural Reform Since November 2000	7
Box 4.	A Partial Summary of the Participatory PRSP Consultations	9
Box 5.	Oil Production in Chad	11
Box 6.	The Governance Reform Agenda	13
Box 7.	The Structural Reform Agenda	14
Box 8.	Building Farmers' Institutions, a Promising Initiative in the Cotton Sector	18
Box 9.	Main Assumptions for the Debt Sustainability Analysis (DSA)	23
Box 10.	Comparison between the Preliminary Document and the Decision Point Document	25
Box 11.	Key Reforms and Objectives to be Achieved before the Completion Point	30
Box 12.	The Use of the Virtual Poverty Fund in 2001	32

Figures

Figure 1.	Composition of Stock of External Debt, End-December 2000, After Full Use of Traditional Debt-Relief Mechanisms	20
Figure 2.	Main Results of Long-Term Macroeconomic Projections	22
Figure 3.	NPV of External Public Debt, end-2000	26
Figure 4.	Benefits from the HIPC Initiative, 2000-19	28

Text Table 1. Use of HIPC Resources, 2001-03	33
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Tables

Table 1. Selected Economic and Financial Indicators, 1999-2003	35
Table 2. Balance of Payments, 1999-2003	36
Table 3. Main Assumptions Underlying the Macroeconomic Framework, 2000-20	37
Table 4. Nominal and Net Present Value of External Debt Outstanding, end-December 2000	38
Table 5. HIPC Initiative: Assistance Levels Under a Proportional Burden-Sharing Approach	39
Table 6. Discount Rate and Exchange Rate Assumptions	40
Table 7. Net Present Value of External Debt After Rescheduling, 2000-20	41
Table 8. External Debt Indicators and Sensitivity Analysis, 2000-20	42
Table 9. Debt Service Payments on Public and Publicly Guaranteed External Debt, 2001-20	43
Table 10. Possible Delivery of IMF Assistance Under the Enhanced HIPC Initiative	44
Table 11. Possible Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2001-15	45
Table 12. Possible Delivery of AfDF Assistance Under the Enhanced HIPC Initiative, 2001-11	46
Table 13. Consolidated Government Operations, 2001-03	47
Table 14. HIPC Initiative: Status of Country Cases Considered Under the Initiative, April 30, 2001	48
 Annex 1: Debt Management Issues	 49

Acronyms and Abbreviations

AfDF	African Development Fund
BADEA	Banque Arabe pour le Développement en Afrique
BEAC	Banque des Etats de l'Afrique Centrale
BET	Borkou-Ennedi-Tibesti
CCL	Comité de Coordination Local
CCSRP	Collège de Contrôle et de Surveillance des Revenus Pétroliers
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale
COBAC	Commission Bancaire de l'Afrique Centrale
COTCO	Cameroon Oil Transportation Company
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DHS	Division Huilerie Savonnerie
DMFAS	Debt Management and Financial Analysis System
DSA	Debt Sustainability Analysis
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
FER	Fonds d'Entretien Routier
GDP	Gross Domestic Product
GNP	Gross National Product
HIPC Initiative	Initiative for Heavily Indebted Poor Countries
IDA	International Development Association
IMF	International Monetary Fund
IsDB	Islamic Development Bank
MASOCOT	Marketing Social de Condomes au Tchad
NGO	Non Governmental Organization
NIF	Numéro d'Identification Fiscale
NPV	Net Present Value
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OHADA	Organization for the Harmonization of Business Law in Africa
OPEC	Organization of Petroleum-Exporting Countries
PCA	Paquet Complémentaire d'Activités
PMA	Paquet Minimum d'Activités
PPA	Pharmacie Préfectorale d'Approvisionnement
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PRS	Poverty Reduction Strategy
SAC	Structural Adjustment Credit
SNER	Société Nationale d'Entretien Routier
SONASUT	Société Nationale Sucrière du Tchad
SOTELTCHAD	Société du Téléphone du Tchad
STEE	Société Tchadienne d'Eau et d'Electricité
STI	Sexually Transmitted Infection
TOTCO	Tchad Oil Transportation Company
VAT	Value Added Tax
WEO	World Economic Outlook

I. INTRODUCTION

1. This paper presents a decision point assessment of Chad's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC). On July 25, 2000, the Executive Boards of IDA and the IMF discussed the preliminary document for the enhanced HIPC Initiative for Chad (IDA/R2000-130, June 30, 2000, and EBS/00/125, June 29, 2000). On the same day, both Boards endorsed the interim poverty reduction strategy paper (Interim PRSP) prepared by the Chadian authorities and a joint World Bank-IMF staff assessment of the interim PRSP (IDA/SecM2000-372, July 11, 2000 and EBD/00/55, July 10, 2000). Executive Directors made a preliminary determination of Chad's eligibility for assistance under the enhanced HIPC Initiative in view of its status as a PRGF-eligible and IDA-only country, its overall track record of reforms, and its unsustainable external debt burden, after taking into account the debt relief provided under traditional debt-relief mechanisms.

2. Directors recommended that the Chadian authorities identify, in the context of the PRSP process, specific indicators to be used to measure performance under the floating completion point. They also stressed that such indicators should include completion point triggers in the area of governance. With respect to the timing of the decision point, Directors agreed that Chad could reach a decision point before end-2000.

3. However, following slippages in the implementation of the PRGF-supported program during the second half of 2000, as well as governance issues including those surrounding the use of the petroleum agreement signing bonus, Chad was unable to reach the decision point in 2000. In November 2000, a set of prior actions were agreed by the government and World Bank and IMF staff for the presentation of the HIPC decision point document to the Executive Boards. Prior actions were also agreed between the IMF staff and the authorities for the completion of the PRGF review. The government has successfully implemented all these prior actions, with the exception of meeting the fiscal targets at end-2000. It has also concluded discussions with the IMF on the second review and the second annual program under the PRGF-supported arrangement; the associated documents are being presented to the IMF's Executive Board concurrently with this document.

4. The remainder of this paper is organized as follows. Section II presents an assessment of Chad's eligibility for assistance under the enhanced HIPC Initiative, including the nature and extent of poverty, and the track record under IMF- and IDA-supported adjustment programs. Section III provides an overview of Chad's medium-term poverty reduction and growth strategy. Section IV presents an update of the results of the debt sustainability analysis, based on the reconciled data of the stock of external debt outstanding at end-2000, as well as of the interim assistance that Chad could receive during the transition to the completion point. Section V describes the proposed conditions for reaching the floating completion point and the provisions for monitoring progress toward meeting these conditions. Section VI presents the Chadian authorities' plans for the use of the resources generated by the interim assistance and the debt reduction at the completion point, as well as a mechanism for tracking resources and associated expenditures for poverty reduction. Section VII proposes issues for discussion by Executive Directors.

II. ASSESSMENT OF ELIGIBILITY

A. PRGF AND IDA ELIGIBILITY

5. Chad is currently an IDA-only and PRGF-eligible country. With a per capita GDP of US\$188 in 2000, it is among the poorest countries in the world. Even though the preparation for the oil-producing era and the production of oil itself will bring steady growth in average incomes, Chad will remain an IDA-only and PRGF-eligible country for the foreseeable future.

B. THE DIMENSIONS OF POVERTY

6. In 2000, Chad ranked 167th out of 174 countries listed in the United Nations Human Development Index. Despite sustained progress since 1994, social development indicators are considerably below the average for sub-Saharan Africa (Box 1). In the absence of a national household income and expenditure survey, the incidence, depth, severity, and regional dimensions of poverty cannot be precisely assessed. Available data show, however, that around 80 percent of the population lives below the international poverty line of US\$1 per day.

Box 1. Social Development Indicators for Chad and Sub-Saharan Africa (SSA), 1994-98

	1994		1998	
	Chad	SSA	Chad	SSA
Life expectancy at birth (years)	46	51	48	52
Maternal mortality ratio (per 100,000 live births)	...	...	830 ¹	...
Infant mortality rate (per 1,000 live births)	132	...	103 ¹	92
Child malnutrition prevalence (percent)	...	...	39 ¹	32
Vaccination DPT (percent)	18	51	30	53
Female adult illiteracy (percent)	76	54	69	49
Male adult illiteracy (percent)	58	36	51	32
Female gross primary school enrollment (percent)	31	71	50	69 ¹
Male gross primary school enrollment (percent)	62	85	85	84 ¹

Sources: World Bank, World Development Indicators; and staff estimates.

¹ 1997 data.

7. Poverty is severe all over the country, but with 80 percent of the population residing in rural areas, it is mainly a rural phenomenon. Moreover, there are regional differences. In the southern zone, school enrollment is relatively high, but health indicators are weak. The Sahel zone suffers from repeated famines and has low school enrollment. For parts of the Sahel, the 1993 census reports a striking shortage of men in the economically active age groups. This may be linked to the loss of male income earners during the prolonged conflict, which derailed Chad's development until the early 1990s. As a result, poverty has a strong gender dimension, as indicated by the high female illiteracy and maternal mortality rates.

C. TRACK RECORD UNDER IMF-AND IDA-SUPPORTED ADJUSTMENT PROGRAMS

8. As described below, Chad has built a satisfactory track record since the middle of the nineties, despite a temporary slippage in policy implementation in the second half of 2000.

A broadly satisfactory track record until mid-2000²

9. After nearly three decades of civil war, the government of Chad has maintained relative peace and stability since 1993. Between 1994 and 1999, the authorities restored the basic functions of government and established a good macroeconomic track record, an overview of which is presented in Box 2. Chad's reform program was supported under the enhanced Structural Adjustment Facility (ESAF, 1995-99), and by three one-tranche Structural Adjustment Credits, the last of which was fully disbursed in June 1999. The overall results of this period were satisfactory. Real GDP growth averaged 4.3 percent per year, or about 2 percent per capita. The external current account deficit, excluding official transfers, was reduced from 21 percent of GDP in 1994 to 15.3 percent in 1999. After an initial surge of inflation following the 1994 devaluation of the CFA franc, the rate of increase of the consumer price index was limited to 4.3 percent in 1998, and actually fell by about 8 percent in 1999 following a bumper crop. Since the 1994 devaluation, Chad has preserved much of its competitiveness gains.

10. A major **fiscal adjustment** effort led to a reduction in the overall fiscal deficit (excluding grants) from 14.2 percent of GDP in 1995 to 10.5 percent in 1999, while the current primary deficit was reduced from 3.7 percent of GDP to 0.1 percent. This was achieved mainly by a substantial increase in revenues. Current expenditures were also kept under tight control, reaching an average of about 9 percent of GDP. At the same time, the **composition of spending** shifted in favor of health, education, social affairs, transport, and public works. Despite systematically slow execution of the nonsalary budget in social sectors, outcomes improved drastically. Gross primary enrollment increased from 31 percent in 1994 to 50 percent in 1998 for girls, and from 62 percent to 85 percent for boys. Infant and child mortality rates decreased from 132 and 222 per 1,000 live births in 1993 to 103 and 194, respectively, in 1997.

11. Substantial progress was also made in the area of **structural reforms**. Almost all price controls were removed, the Central African Economic and Monetary Community (CEMAC) provisions for trade liberalization were implemented, the labor code was revised and the Uniform Acts of the Organization for the Harmonization of Business Law in Africa (OHADA) were adopted. With the privatization of the national sugar company (SONASUT) in April 2000, and the signing of a private management contract for the water and electricity company (STEE) in September 2000, the divestiture program has largely been completed – with the exception of the cotton company (Cotontchad), the telephone company (Sotelchad), the road maintenance company (SNER), and air traffic rights. Financial sector reform also proceeded; all commercial banks were privatized by 1999.

² A more detailed account is presented in IMF reports EBS/99/234 (12/22/99), EBS/00/133 (7/10/00), and World Bank reports 20241, 21654, and IDA/R2000-130 (6/30/00).

Box 2. Track Record from 1994 to Mid-2000

Macroeconomic outcomes

- Real GDP growth averaged 4.3 per year during 1994-99.
- Inflation surged to 41.3 percent in 1994 after the devaluation but declined to 4.3 percent by 1998; prices declined by 8 percent in 1999.
- The current primary balance improved from a deficit of 3.7 percent of GDP in 1994 to a deficit of 0.1 percent of GDP in 1999.
- The overall fiscal deficit was reduced from 14.2 percent of GDP in 1994 to 10.5 percent in 1999.
- Gross investment fluctuated between 12 and 20 percent of GDP, while public investment rose from 9.0 percent of GDP in 1994 to 9.4 percent of GDP in 1999.
- The external current account deficit fluctuated between 12 and 15 percent of GDP, compared with 21 percent in 1994.
- Positive macroeconomic trends continued in the first half of 2000, on the basis of which the first PRGF review was completed.

Fiscal and expenditure reform

- Strengthening of the tax and customs administration, introduction of the CEMAC indirect tax and customs reform, introduction of a single taxpayer code (NIF), and introduction of the value-added tax (VAT) (1995-2000).
- Increase in the share of expenditures allocated to education, health, social affairs, and infrastructure (1994-2001).
- Introduction of a monthly treasury cash-flow plan with a quarterly horizon (2000).

Civil service reform

- Adoption of a civil service reform strategy (1998).
- Completion of a civil service census and update of the payroll (1996).

Incentive and trade policies

- Adoption of a revised labor code and elimination of the minimum wage (1996).
- Elimination of most price controls (1995-96).
- Introduction of the CEMAC provisions for trade liberalization (1995-98).
- Adoption of the Uniform Acts of OHADA (1999).

Cotton sector reform

- Introduction of a pricing scheme linked to world cotton prices (1997).
- Adoption of the cotton sector reform strategy (1999).
- Introduction of a price-setting committee (Comité paritaire), consisting of farmers and Cotontchad (2000).

Privatization of public enterprises

- Privatization or liquidation of 45 public enterprises (1995-99).
- Privatization of the national sugar company, SONASUT (2000).
- Privatization of the management of the water and electricity company, STEE (2000).
- Introduction of two private cellular operators (2000).

Financial sector reform

- Privatization of all banks (1995-99).
- Reinforcement of bank supervision in the regional context; improvements in financial sector soundness (1995-2000).

12. With respect to governance, the government took important steps to improve transparency, accountability, and the rule of law. A new constitution was adopted in 1996, and a

Constitutional Council was established in 1996 and made fully operational in 1999. Multiparty legislative and presidential elections were held in 1996 and 1997, respectively. In 1998, the legislature adopted a Petroleum Revenue Management Law that provides for clear and transparent rules for allocating oil revenues, as well as for civil society participation in the Oil Revenues Control and Monitoring Board (CCSRP). A Supreme Court and Auditor General's Office were created in 1999. Two anticorruption laws were adopted by parliament in early 2000. The first law creates a High Court of Justice with jurisdiction over cases of misuse of public funds and corruption, while the second establishes financial and penal sanctions for misuse of public funds, acts of corruption, extortion, and abuse of public office.

13. In January 2000, the IMF's Executive Board approved a three-year arrangement under the Poverty Reduction and Growth Facility (PRGF). Based on Chad's continued satisfactory performance, the first PRGF review was completed in July 2000.

Policy slippages in the second half of 2000

14. Starting in mid-2000, however, overall policy implementation weakened. Governance problems and slippages in macroeconomic and structural policies led to a delay in the completion of the second review of the PRGF-supported arrangement, as well as in reaching the decision point under the enhanced HIPC Initiative.

15. There were several problems related to **governance and transparency**. First, contrary to its commitments, the government did not use the US\$25 million petroleum agreement signing bonus it received in April 2000, in accordance with the Petroleum Revenue Management Law, on priority sectors and following budget procedures. By mid-October 2000, some 60 percent of the bonus had been spent on nonpriority sectors (of which almost half on defense), without the vetting of expenditures by the CCSR and outside established budget procedures.³ Second, there were other off-budget operations, including those related to financing investment for the Sedigi oil field, as well as fiscal operations that were executed outside budget procedures and recorded in the fiscal accounts ex post. And third, several major public procurement contracts in the telecommunications and energy sectors, including those associated with investments for the Sedigi oil field, were granted without competitive bidding. While some of the government's actions might be explained by exogenous factors – such as intensified rebel operations in the north or recurrent energy shortages – the overall picture pointed to serious transparency and governance problems.

16. In the area of **fiscal policies**, at end-September 2000, the current primary fiscal deficit reached CFAF 7.4 billion, compared with CFAF 0.7 billion under the PRGF-supported program. Higher revenues were more than offset by higher expenditures, financed by, inter alia, the petroleum agreement signing bonus. The structure of expenditures was also unfavorable, with spending on subsidies, transfers, and defense significantly higher than programmed, while expenditures for priority sectors were below target. Finally, the pace of structural reform slowed so that none of the structural benchmarks under the PRGF-supported program were observed at end-September.

³ Specifically, CFAF 10.2 billion had been used, of which CFAF 3.0 billion for defense outlays, CFAF 4.9 billion for subsidies to STEE and the Road Maintenance Fund, and CFAF 2.3 billion for other expenditures. Unspent bonus funds amount to CFAF 7.2 billion.

Building track record since November 2000

17. In 2000, **real GDP growth** is estimated to have reached 0.6 percent. The slow growth reflects repeated electricity shortages and a sharp decline in agricultural production following erratic rainfall. As a result, Chad is facing its worst **famine** in a decade. The need for food imports to help populations at risk of starvation is estimated at between 50,000 and 70,000 metric tons. Several donors, including the World Food Program, the French Cooperation, the United States, Egypt, Libya, and Algeria, have pledged contributions amounting to about 40,000 metric tons. Additional food import needs will be financed by the government. In view of these exceptional financing needs, the IMF is considering a request to increase Chad's PRGF arrangement by SDR 5.6 million (corresponding to 10 percent of quota).

18. Despite these difficult circumstances, the government has taken a series of corrective measures, starting in November 2000 to address the weakening track record described above. In the area of **transparency and governance**, the authorities have implemented the following measures, which constituted prior actions for the HIPC Initiative decision point: (i) the remainder of the bonus remains frozen until the CCSRP becomes fully operational; the government has committed to spending the remaining amount in the context of the 2001 budget on priority sectors only (after the use of CFAF 1 billion to address famine-related food emergencies); (ii) the government has issued a public report on the spending of the bonus to the parliament and the CCSRP, and has committed to an audit of the off-budget use of the bonus; (iii) a Committee on Government Accounts has reviewed all existing government accounts with the banking sector and has agreed with IMF staff on the inclusion of 76 accounts in the new definition of net credit to government (compared with 19 in the old definition); and (iv) the authorities have committed not to engage in off-budget activities and to follow established budgetary procedures for all expenditure.

19. To improve **fiscal performance**, the authorities introduced – albeit some with delay – a set of measures aimed at both increasing revenues and curbing expenditures. As a result, the worsening of the fiscal situation was arrested, although fiscal performance at end-December still fell short of the objective. The current primary deficit, excluding election-related spending, reached 0.8 percent of GDP. On a positive note, spending on education and health, which had lagged behind, moved close to the objectives by end-2000.

20. The pace of other **structural reform** accelerated considerably after November 2000, and the main achievements are summarized in Box 3. First, after several years of delays, tangible progress was made in the **reform of the cotton sector**. An operational and financial audit of Cotontchad was completed in December 2000, a financial restructuring plan adopted, and a controller general responsible for implementing this plan recruited. A study on the separation of the oil and soap division of Cotontchad (DHS) was finalized in December 2000, and the legal separation of DHS from Cotontchad – a prerequisite for its privatization – is ongoing. Complementary to the state's proposed divestiture from Cotontchad, an effort has been made to make sure that cotton farmers can contribute to shaping and implementing the reform process – and become its main beneficiaries (Box 8). Since early 2000, producer prices have been determined by a committee consisting of farmers and representatives of Cotontchad, without government intervention, and based on a scheme that links the producer price to world cotton prices.

21. In the area of **civil service reform**, a census of public sector workers was finalized in November 2000. The results of this census are being used to update the payroll by June 2001, providing the basis for the creation of harmonized and computerized payroll and civil service records. New civil service statutes introducing competitive recruitment and merit-based advancement were submitted to parliament in April 2001. In the area of **incentive and trade policies**, in response to shortages of petroleum products at official prices and the de facto sale of petroleum products at uncontrolled prices in the informal sector, a law was submitted to parliament in April 2001 to abolish price controls for petroleum products.

22. Various steps were taken to improve **public finance management**. The 2001 Budget Law introduces a new functional classification of expenditures and presents, for the first time, current and investment expenditures jointly for each ministry. This is an important first step toward the full consolidation of current and investment budgets, the preparation of a medium-term expenditure framework, and an efficient tracking of poverty-related expenditures. In early 2001, both the expenditure circuit and the approval circuit for public procurement were simplified. In January 2001, the government adopted a tracking mechanism to better monitor commitment and actual expenditures in the education and health sectors. Moreover, the government launched procurement for these sectors early in 2001 to avoid the delays encountered in the past in executing the health and education budgets. In March 2001, the time horizon of the treasury cash-flow plan was extended from 3 to 12 months, improving its effectiveness as a planning and monitoring tool in the context of the annual budget.

Box 3. Structural Reform Since November 2000

Fiscal and expenditure reform

- Extension of the time horizon of the monthly treasury cash-flow plan to 12 months (March 2001).
- Introduction of a functional budget classification and presentation of current and investment expenditures jointly for each ministry (2001).
- Simplification of the expenditure circuit, including the chain of approval for public procurement (2001).
- Introduction of a tracking mechanism to better monitor commitment and actual expenditures in the education and health sectors (January 2001).
- Early procurement to accelerate execution of the health and education budgets (2001).

Civil service reform

- Submission to parliament of civil service statutes introducing competitive recruitment and merit-based advancement (April 2001).
- Completion of a civil service census and update of the payroll (March 2001).

Incentive and trade policies

- Submission to parliament of legislation to remove price controls for petroleum products (2001).

Cotton sector reform

- Adoption of restructuring plan for Cotontchad and recruitment of a Controller General (April 2001).
- Legal separation of oil and soap division from Cotontchad in view of its privatization (expected by end-May 2001).

23. Given the improving track record since November with respect to governance, structural reforms, and, albeit to a lesser extent, fiscal performance, the request for the completion of the second review of the PRGF-supported program and for the second annual program will be presented to the IMF's Executive Board concurrently with this HIPC Initiative decision point document.

III. MEDIUM-TERM OUTLOOK FOR POVERTY REDUCTION

A. THE PRSP PROCESS

24. The principal elements of Chad's medium-term development strategy are presented in the **interim PRSP**, which was endorsed by the Executive Boards of IDA and the IMF on July 25, 2000. The interim PRSP highlights the fact that combating poverty and improving the living conditions of Chad's citizens have been the government's principal objectives since the Donors' Roundtable Conference held in October 1998. In the context of this overall goal, the government seeks to achieve a high level of sustained growth, leading to rising incomes and job creation. It also confirms its determination to consolidate the democratization process in order to guarantee security, good governance, the establishment of the rule of law, sound management principles, and the participation of citizens in decision-making processes. The interim PRSP identifies four priority sectors for poverty alleviation and growth. These are health, education, basic infrastructure and rural development. The interim PRSP provides a description of macroeconomic and sector policies, including a three-year policy matrix to achieve the global objective of poverty reduction.

25. The interim PRSP also presented a timetable for finalizing the **fully participatory PRSP** around mid-2001. In line with this timetable, the Steering Committee and Permanent Secretariat for the PRSP have finalized a study on the perception of poverty and a set of background studies for health, education, basic infrastructure, rural development, governance, employment, and the macroeconomic framework. In addition, the regional participatory consultations on the PRSP were completed. A first draft of the full PRSP has been prepared for discussion at a national seminar scheduled for May 2001. The final PRSP is expected to be ready by the fall of 2001. The scope and content of the medium-term poverty reduction strategy, which is presented in the remainder of this section, will be updated in the full PRSP.

26. The **regional participatory consultations**, a partial summary of which is presented in Box 4, show that Chad's poor are particularly concerned about access to education, health, safe water, microfinance, agricultural equipment, and transport infrastructure. They face problems with food security, livestock production, and a degrading environment. They underline the importance of peace and security and express concern over corruption and bad management.

27. Data currently available on poverty in Chad are derived from surveys that lack national coverage. Sectoral administrative statistics are, however, reliable and regularly updated. With a view to deepening the knowledge on poverty, the authorities are preparing the first household income and expenditure survey with national coverage. This survey will be launched in May 2001, and the results will be available in 2002. The survey results will allow for the definition of a poverty line, as well as a detailed analysis of the incidence, depth, and severity of poverty. As

envisaged in the JSA of the interim PRSP, this analysis will be continuously fed into the poverty reduction strategy (PRS).

Box 4. A Partial Summary of the Participatory PRSP Consultations

In the context of the preparation of the full PRSP, local consultations were held in December 2000 and January 2001. These consultations were facilitated by seven teams covering the entire country (for the north, BET; for the center, Chari-Baguirmi and Batha; Lac and Kanem; Guera and Salamat; and Ouaddai and Biltine; and for the south, Mayo-Kebbi and Tandjile; and Logone Occidental, Logone Oriental and Moyen-Chari). Each team visited three to six towns or villages. For each visit consultations were held with twelve focus groups: (i) the local administration; (ii) unemployed; (iii) male students; (iv) female students; (v) women's groups; (vi) farmers' groups; (vii) religious authorities; (viii) traditional authorities; (ix) local NGOs; (x) private sector representatives; (xi) civil society; and (xii) retired public servants including from the military. The consultations with each of these groups were recorded, and subsequently analyzed by counting scores for each of the dimensions of poverty mentioned. This exercise has been completed for four geographic zones. A summary of the scores for the most highly ranked dimensions of poverty is presented below.

	Salamat	Lac Kanem	Tandjile Mayo-Kebbi	BET
	(In percent of total scores)			
Education	11	9	15	10
Health	11	8	12	10
Rural development	39	32	44	28
Safe water	7	6	10	10
Microfinance	10	7	8	4
Food security	11	3	8	5
Agricultural equipment	8	5	4	5
Livestock problems	2	6	1	1
Environment	1	5	3	3
Transport infrastructure	7	6	3	6
Governance	8	6	8	11
War and criminality	4	3	3	5
Bad management, corruption	4	3	5	6
Other¹	24	39	28	35
Total	100	100	100	100
Memorandum items:				
Total scores	1,713	9,576	3,841	1,385
Total number of participants	363	1,296	963	291

¹ Total for all other dimensions of poverty, each representing less than 3 percent of total scores.

B. MACROECONOMIC OBJECTIVES

28. Oil exploitation will profoundly change Chad's economic environment and, if efficiently managed, provide a unique opportunity to make substantial progress in poverty reduction (Box 5). As set out in the interim PRSP, in the medium term, Chad could start experiencing high growth rates provided that (i) the construction of the Chad-Cameroon pipeline and the exploitation of the Doba and Sedigi petroleum fields proceed according to schedule; (ii) prudent fiscal policies are maintained; and (iii) the pace of structural reform is sustained, as discussed below. Under these conditions, real growth rates of about 9 percent (or 6.5 percent in per capita terms) would be achieved during the period 2001-03, fueled mainly by buoying oil investments and related activity in the transportation and services sectors. Inflation would be contained at 7 percent in 2001 and 4 percent in 2002-03. Massive inflows of foreign direct investment associated with the exploitation of the petroleum reserves and the pipeline project will lead to a dramatic increase in the use of foreign savings (excluding debt relief), which are expected to rise from 16 percent of GDP in 2000 to 44 percent in 2002 and 47 percent in 2003. Thus, a temporary widening of the current account deficit will occur in this period.

29. With respect to **fiscal policies**, the authorities intend to improve the primary fiscal balance while continuing the reallocation of expenditures toward priority sectors. The government is committed to turning the current primary fiscal balance, excluding exceptional spending⁴ and poverty-related expenditure financed by HIPC Initiative resources and the remainder of the signing bonus (see below), from a deficit of 0.8 percent of GDP in 2000 into a surplus of 1.3 percent of GDP in 2003. The adjustment will come equally from revenue and expenditure. Fiscal **revenues** are targeted to rise from 8 percent of GDP in 2000 to 9.1 percent in 2003. Current primary **expenditures**, excluding exceptional spending and poverty-related outlays financed by HIPC Initiative resources and the remainder of the signing bonus, are projected to decrease from 8.9 percent of GDP in 2000 to 8.2 percent 2003. Nonsalary recurrent expenditures for priority sectors and governance will be allowed to grow by at least 20 percent in nominal terms annually. Exceptional spending will reach a full percentage point of GDP in 2001 and disappear thereafter, while public investment spending is projected to rise strongly. Additional poverty related expenditure financed from the HIPC resources and the remainder of the signing bonus would reach 1.3 percent of GDP in 2001,⁵ and 0.9 and 1.1 percent of GDP in 2002 and 2003, respectively.

30. The authorities' macroeconomic goals as laid out above, are broadly consistent with those presented in the interim PRSP, although the specific magnitudes differ somewhat to take account of the latest economic developments. These revisions pertain mostly to higher real growth and larger current account deficit projections associated with oil sector investment and its

⁴ These are defined as exceptional spending on emergency foodstuffs to address the famine and on the financing for the presidential elections in 2001 and the legislative elections in 2002. Part of the remainder of the oil signing bonus (CFAF 1 billion) will help finance famine-related outlays.

⁵ The high level of additional expenditure in 2001 reflects the spending of the remainder of the oil signing bonus (CFAF 6.2 billion – see below).

spillover effects. The modifications are being incorporated in the macroeconomic framework prepared for the full PRSP, and are reflected in the PRGF-supported program.

Box 5. Oil Production in Chad

The Sedigi project

The proven reserves of the Sedigi oil field near Lake Chad are about 20 million barrels of crude oil, the quality of which is so light that it can be used directly or refined locally. A project consisting of the construction of the drilling facilities and a small pipeline between Sedigi and N'Djaména is scheduled to be completed by the end of 2001. The project is financed by a US\$40 million external loan. Plans exist to build a mini-refinery near N'Djaména. The production from Sedigi is expected to cover most of the country's domestic needs for petroleum products, including for the generation of electricity. It will contribute to eliminating the current energy problems, raising fiscal revenues, and possibly reducing the exceptionally high domestic electricity prices. The use of the associated production of gas – including for electricity generation – is under discussion.

The Doba project

Proven reserves of the Doba field are 883 millions of barrels of crude oil of a very heavy quality, which will be refined abroad. The project to exploit these reserves has two main components: (i) the “field system,” which includes the drilling of some 300 wells and the construction of associated facilities and infrastructure; and (ii) the “export system,” consisting of the construction of a 1,070-kilometer-long pipeline from the Doba oil field to Cameroon's Atlantic coast, an installation of an offshore floating storage and off-loading vessel and related facilities, and the construction of a small submarine pipeline from the Atlantic coastline to the vessel. The total project cost is estimated at US\$3.7 billion. The US\$1.5 billion cost of the field system is financed entirely by a private international consortium of three companies (Exxon, Chevron, and Petronas). The US\$2.2 billion cost of the “export system” will be financed by two joint-venture companies, TOTCO in Chad and COTCO in Cameroon, owned by the international oil consortium and the governments of Chad and Cameroon. These companies will own and operate, respectively, the Chad and Cameroon portions of the export system. The governments of Chad and Cameroon have obtained IBRD loans (US\$39.5 million and US\$53.4 million, respectively) to help finance the export system. The total investments for both components in Chad are estimated at US\$2.1 billion. The construction and development phase started in 2000 and will take about four years. Oil exports are expected to begin in late 2004.

The revenue stream from the Doba field will be managed according to the Petroleum Revenue Management Law. This law stipulates that the direct revenues (royalties and dividends) from the Doba field will benefit mainly priority sectors, defined as health, education, rural development, and basic infrastructure, as well as the oil-producing region. The indirect revenues from taxes will benefit overall development expenditures. All oil revenues will be spent following official budget procedures, and will be controlled by the parliament and the Auditor General's Office in the Supreme Court. In addition, spending decisions for the direct revenues will be approved and verified by the CCSRP, whose nine members include representatives of government, parliament, and civil society. At a projected price of US\$20 per barrel, it is expected that, starting in 2005, government oil revenues will amount to 3-4 percentage points of GDP per annum.

C. GOVERNANCE

31. The need for improved governance was highlighted in the interim PRSP and is expected to figure prominently in the full PRSP as well. As explained in Box 4, the participatory consultations in the context of the PRSP indicate that **the population considers governance problems an important constraint on poverty reduction**. The governance issues raised during these consultations include war, crime, weak public management, and corruption – such as inappropriate behavior by administrators at road checkpoints, as well as parallel customs services (colloquially called *bogobogo*). Moreover, the PRSP Steering Committee has drawn attention to impunity with respect to acts of corruption.

32. Aware of the need to rebuild credibility in the wake of the recent governance problems, and conscious of the fact that improved management of public resources is crucial to translate future petroleum revenues into tangible progress in poverty reduction, the government is embarking on a strong program to improve governance. To frame these actions, the authorities are preparing a **national governance strategy and action plan** in coordination with a broad set of stakeholders. A first draft of the strategy has been finalized and submitted for comments to the PRSP Steering Committee. The final document is expected to be adopted by the government by mid-2001. An overview of **actions already planned in the areas of expenditure management, transparency, accountability, and the rule of law** is presented in Box 6. The governance strategy and action plan will include these actions and is expected to go well beyond them, especially in the areas of public disclosure, the fight against corruption, and the rule of law. A mechanism will be created to monitor the implementation of the governance strategy and action plan in association with a broad set of stakeholders.

D. STRUCTURAL AND PRIORITY SECTOR POLICIES

33. In the area of **structural reform**, the interim PRSP underlines the need for continued strengthening of public sector management, and for supporting the development of the private sector. Reinforcing public sector management is crucial for ensuring that petroleum revenues and resources provided by the enhanced HIPC Initiative be used effectively for poverty reduction. It is also essential for broadening the base of government revenues. Private sector development is key to ensuring the diversification of the economy, so as to avoid a heavy dependency on petroleum. More specifically, Chad will seek to develop the potential harbored in its agriculture, livestock, and services sectors. The combination of a more reliable and cheaper supply of electricity due to the exploitation of the Sedigi oil and gas field, the expansion of the transport infrastructure (see below), the development of a well-trained labor force, and a market-based approach to rural development, including the reform of the cotton sector, will provide a basis for broad-based and high growth beyond the petroleum area. Box 7 presents an overview of the medium-term program of structural measures in support of these goals. The structural reform program will be supported under the PRGF as well as IDA-financed projects.

Box 6. The Governance Reform Agenda

National governance strategy and action plan

- Adopt and implement a national governance strategy and action plan (2001-03).
- Create a structure with broad stakeholder representation to monitor the implementation of the strategy (2001).
- Ensure wide dissemination of the national governance strategy and action plan (continuous).

Expenditure management

- Use the monthly treasury cash-flow plan systematically as a cash management tool (continuous).
- Improve the consolidated presentation of the current and investment budgets (Budget Law 2002).
- Conduct annual public expenditure reviews, starting with the education and health sectors in 2001, to be extended to public works and rural development in 2002.
- Prepare detailed medium-term expenditure frameworks starting with the education and health sectors in 2001, to be extended to public works and rural development in 2002.
- Create a mechanism to trace expenditures from the center to basic service facilities, and to identify bottlenecks and leakages, starting with basic education and health (2001-02).
- Adopt the manual for the simplified expenditure procedure (June 2001).
- Adopt a new public procurement code and its application decrees (June 2002).
- Set up a virtual poverty fund to lodge HIPC Initiative resources (done).
- Complete guidelines for reforming budget elaboration, monitoring, and regulation procedures (September 2001).

Transparency

- Discontinue off-budget operations (done and continuous).
- Review tax exemptions currently in place and abstain from granting any new exceptional exemptions from customs duties (continuous).
- Publish a quarterly bulletin on public procurement, presenting tenders for bids, outcomes of tenders for bids, blacklists of firms banned from submitting offers, comparative price lists, etc. (June 2001).
- Computerize the public expenditure circuit (December 2001).
- Computerize the harmonized payroll and civil service records (December 2001).
- Computerize the large-taxpayers' unit (October 2001) and the customs database (December 2001).

Accountability

- Implement the new civil service statutes introducing competitive recruitment and merit-based advancement by adopting its implementation decrees (2001-02).
- Conduct operational audits for seven priority ministries and define terms of reference for each post (2001).
- Introduce an individual evaluation system for civil servants (2002).
- Adopt Budget Settlement Law for year n before adoption of Budget Law for year $n+2$ (from $n=2000$ onward).
- Adopt a decree defining the operational modalities of the CCSRP (June 2001).
- Conduct and make public an independent audit of past off-budget bonus expenditures (September 2001).
- Conduct and make public an operational and financial audit of customs services (December 2001).
- Conduct and make public an audit of the five largest public procurement contracts in 2001 (March 2002).
- Gradually decentralize government (2001-03).

Rule of law

- Create an appellate court in the second- and third- largest cities (June 2002).
- Create a commercial court in each of the five largest cities (June 2002).
- Ensure proper application of the two anticorruption laws (continuous).
- Reinforce training of judiciary personnel (continuous).

Box 7. The Structural Reform Agenda

Strengthening of revenue collection

- Strengthening of the VAT administration (continuous) and extension of its base (2002).
- Strengthening of the mixed tax and customs brigades (continuous).
- Assignment of a tax identification number (NIF) to all economic agents (June 2001).
- Exclusion of firms without NIF from public procurement bidding, as well as from any public supply and payment orders (continuous).

Incentive policies

- Adoption of a law abolishing price controls for petroleum products (2001).
- Adoption of a plan regarding the pricing and taxation of the products of the Sedigi oil and gas field (September 2001).

Cotton sector reform

- Privatization of Cotontchad's oil and soap division, DHS (2001).
- Investor's forum on the privatization of Cotontchad (2001).
- Farmer's forum on the privatization of Cotontchad (2001).
- Completion of the scenario study for the privatization of Cotontchad and the liberalization of the cotton sector (February 2002).
- Strengthening of producer organizations in view of their active participation in the design and implementation of the cotton sector reform program (continuous).
- Privatization of Cotontchad (December 2002).

Privatization of public enterprises

- Privatization of the national road maintenance company, SNER (2001).
- Awarding of the domestic and international air traffic rights to private carriers (2001).
- Privatization of Sotelchad (2001-02).

34. The remainder of this section presents the medium-term policies in the four **priority sectors** identified in the interim PRSP as key to poverty reduction and broad-based growth. These sectors (basic infrastructure, education, health, and rural development) have been singled out in the Petroleum Revenue Management Law for the use of the bulk of direct oil revenues (Box 5). Together with governance, they will also benefit from the resources made available by the enhanced HIPC Initiative.

35. **Basic infrastructure.** Chad – a country twice the size of France – has 300 kilometers or 180 miles, of paved roads. Large areas are entirely isolated from the rest of the country during the five-month-long rainy season. Chad's 1997 Poverty Assessment (World Bank Report No 16567-CD) has identified the poor state of the road network as the single most important constraint on the promotion of growth and reduction of poverty in rural areas. Based on broad consultation with all stakeholders, the government has developed a National Transport Sector Strategy and Investment Plan for the period covering 2000-09, with the overall objective of reducing poverty and rural isolation, and improving national food security, specifically by

- ensuring that by 2005 the all-year road network (*réseau national permanent*) of about 2,600 kilometers can be used year-round and the dry-season road network (*réseau national saisonnier*) of an additional 3,600 kilometers can be used all through the dry season;

- creating a Road Maintenance Fund (FER) to finance the routine maintenance of the all-year road network;
- ensuring the maintenance and rehabilitation of the road network by awarding performance-based road maintenance contracts to the private sector;
- developing a rural transport strategy; and
- liberalizing air transport and awarding domestic and international air traffic rights to private carriers.

36. The government's transport strategy was endorsed at a donors' sector roundtable held in November 1999. It is being implemented with financial assistance from numerous donors, including the European Union and IDA. Early achievements are the adoption by parliament of the legislation creating the FER in August 2000, the nomination of the FER's board, with a majority representation of the private sector, in December 2000, and the appointment of the FER's Director and Principal Accountant in March 2001. Procurement contracts are being prepared for the paving, rehabilitation, or maintenance of 1,220 kilometers of roads, the construction of two bridges, and the rehabilitation of the main runway of the N'Djaména airport.

37. Although urban areas currently comprise only 20 percent of Chad's population, urban population growth rates have reached 5 to 6 percent, fueled by rural migrants fleeing political unrest and rural poverty. These growth rates have far outpaced cities' ability to provide adequate economic and social infrastructure. Every year, N'Djaména's poor neighborhoods suffer extensive flooding with ensuing transport problems and health hazards. The government has elaborated an Urban Sector Strategy that centers on encouraging urban employment while improving urban living conditions by

- elaborating a regulatory framework for urban development, including the strengthening of property rights, the establishment of zoning and construction codes, and the development of a decentralized urban government;
- mobilizing nongovernmental organizations (NGOs) and civil society to play a more active role in urban development;
- promoting small enterprises in the construction sector and strengthening services provided to the agriculture sector (warehousing, processing, transit, and marketing); and
- improving access to basic social and economic infrastructure, including drainage, potable water, sanitation, housing, and electricity.

38. The authorities' urban strategy was presented at a 1999 roundtable, and several donors are providing assistance for its implementation, in particular the French Cooperation and the German development agency, GTZ. Early accomplishments in support of the strategy include the privatization of the management of the water and electricity company, STEE. The planned exploitation of the Sedigi gas and oil field will contribute to improving the supply of electricity while reducing its cost.

39. **Education.** While progress in school enrollment since 1994 has been impressive, the quality of services provided is very low. Chad's dropout rates are above region-wide averages, especially in the first year of education, where they reach 16 percent. As a result, only 32 percent of girls and 44 percent of boys who ever enroll go on to complete six years of primary education. These retention rates are the lowest in all of Sub-Saharan Africa (SSA). Marked regional disparities persist, and nomadic groups have particularly low participation rates. Public spending

on primary education as a percentage of total spending on education has been declining, which raises additional issues of inequity since poor children typically do not go beyond the primary school level and, hence, do not benefit from spending on higher levels of education. Chad's village communities bear an unusually heavy burden in financing education services, as an estimated 54 percent of all primary school teachers are directly hired and paid by the communities. To address these problems the government has prepared a strategy covering the 2000-05 period. The main goal of this strategy is to increase the overall primary enrollment rate from 67 percent in 1998 to 80 percent in 2005, while improving quality and reducing the disparities between regions and between girls and boys. The authorities intend to achieve these goals by

- enhancing the partnership with community initiatives and integrating community schools into the education system;
- supporting community teachers by providing training, supplementing their salaries, and improving their career prospects;
- accelerating the primary school construction program, especially in underserved areas;
- introducing new bilingual curricula in Arabic and French;
- improving the quality and availability of textbooks; and
- allocating higher priority to primary education and literacy programs, while stabilizing access to higher education and reducing scholarships.

40. The government's education strategy was endorsed by the donors at a January 2000 sector roundtable. Recent progress in its implementation include the government's commitment to provide a supplement to the salaries of community teachers in the context of the 2001 Budget Law and the preparation of a plan to retrain about 4,000 community teachers before 2005. The government has also launched a feasibility study for strengthening national capacity in curricula development and textbook publishing.

41. **Health.** Despite considerable progress since 1994, Chad's health indicators remain below regional averages. The child mortality rate is estimated at 194 per 1,000 live births in 1997, compared with 147 for sub-Saharan Africa. Maternal mortality is about 830 per 100,000 live births, compared with 580 in Mali or 600 in Madagascar. The most important constraint faced by the public health system is the severe shortage of qualified personnel. The government has adopted a National Health Strategy for 2000-04, with the main objective of developing quality basic health services for the population. This goal is to be achieved by

- accelerating training of qualified health personnel;
- allocating resources in priority to the basic health system;
- gradually making operational all 54 health districts in the country;
- ensuring that every health center has at least one qualified nurse;
- reinforcing the implementation of the minimum and complementary packages of activities (PMA and PCA), especially for maternal and child health care;
- strengthening the distribution of generic drugs through the Prefecture Supply Pharmacies (PPA);
- fighting the most important endemic diseases by drastically increasing vaccination rates, reinforcing the fight against malaria, and developing an emergency reaction plan for cholera, meningitis, and tuberculosis; and

- ensuring proper management of the public health system by decentralizing management, appointing an administrator in every health district, making hospitals autonomous, and expanding the participation of local communities in the management, financing, and monitoring of basic health services.

42. The government's health strategy was endorsed by the main donors active in the health sector during a sector roundtable in March 1999, and the strategy is being implemented with the financial and technical assistance of the European Union, the French Cooperation, the World Health Organization, the United Nations Children's Fund (UNICEF), and IDA, among others. Recent improvement in the sector includes significant progress in the training of medical personnel, such as the graduation of the second class of locally trained medical doctors and the first class of health technicians trained in four regional centers. The delivery of services has broadened substantially, thanks to sustained growth in the number of functional health centers, which has contributed to an increase in vaccination rates and assisted deliveries. The establishment of the Central Pharmaceutical Procurement Agency and the adoption of an adequate policy on pharmaceuticals has helped improve the availability at an affordable cost of essential generic drugs in health facilities.

43. **HIV/AIDS.** The sero-prevalence of HIV/AIDS in Chad is currently estimated at 5 to 7 percent nationwide, and at more than 10 percent in some of the southern prefectures. Chad's response to AIDS has been rapid and determined. As early as 1988, the government established a National AIDS Control Commission (NACC), a multisector body composed of six line ministries and headed by the Prime Minister. Two Medium-Term AIDS Control Plans have been defined and implemented, covering 1990-94 and 1995-99, respectively. Starting with the second plan, Chad's response to HIV/AIDS has been characterized by a broad partnership including the government, NGOs, religious groups, civil society organizations, communities, people living with HIV/AIDS, and local and international donors. In 1999, the government adopted a National AIDS Control Strategic Plan for 2000-05, the main objective of which is to contain the epidemic by

- strengthening the multisector approach to the fight against HIV/AIDS;
- inducing behavioral change by promoting low-risk sexual behavior, including condom use through the social marketing program MASOCOT;
- encouraging community involvement;
- promoting voluntary testing and counseling;
- ensuring blood safety;
- integrating the provision of care in the overall basic health system with a focus on a decentralized approach at the health prefecture level;
- increasing the treatment of all sexually transmitted infections (STIs) to reduce the risk of contracting HIV; and
- preventing mother-to-child transmission.

44. **Rural development.** Since 80 percent of Chad's population resides in the rural areas, poverty is mainly a rural phenomenon. Much of the rural population suffers from repeated famines, a deterioration of the natural environment due to soil erosion and land degradation, and violent conflicts between livestock holders and farmers. The major constraint on the elimination of rural poverty is low agricultural productivity, owing to ineffective farm practices, inefficient marketing of outputs and agricultural inputs (fertilizers, pesticides, improved seeds, veterinary

products, and farm tools), and limited access to financial markets. Yet Chad has considerable natural potential for increased agricultural income. The government has developed a National Rural Development Strategy, the main objective of which is to increase production in a sustainable way while preserving the environment and reinforcing capacities. The government intends to refine and implement this strategy by

- defining and implementing a rural extension strategy and action plan;
- defining and implementing a national microfinance strategy and action plan;
- defining and implementing a national environmental strategy and action plan;
- implementing the cotton sector reform strategy (see above);
- strengthening producer organizations and rural service;
- implementing a community-driven rural development program to provide communities with the skills and financial resources to implement local development plans; and
- gradually decentralizing central government responsibilities to locally elected governments.

45. The government's rural development strategy was presented to the main donors in the sector in June 1999. A multidonor program to strengthen the strategy and assist its implementation is under preparation, and involves the French Cooperation, the African Development Bank, the United Nations Development Program, the Food and Agriculture Organization, the German Development Agency (GTZ), and IDA. Recent progress in the sector has been particularly encouraging for the cotton sector reform program, including an initiative to strengthen the grassroots organizations of cotton farmers (Box 8).

Box 8. Building Farmers' Institutions - a Promising Initiative in the Cotton Sector

The cotton sector reform program will touch about 300,000 farm families, or around 30 percent of Chad's population. During the stakeholder consultations preceding the elaboration of the cotton sector reform strategy, farmers showed interest not only in being involved in the definition of the strategy but also in its implementation. Hence the authorities adopted a program for institutional support to the grassroots cotton producer associations, with a view to preparing them for an active role in the liberalized cotton sector.

To root this program in a democratic process, elections were held in early 2000 in some 5,000 villages throughout the cotton production zone. Each cotton-producing village elected its farmer representative and among those a delegate was designated at the level of the "canton." For each of the nine cotton-ginning factories, a cotton producers' coordination committee (CCL) was elected among the canton representatives. Moreover, three producers have been elected among the members of the nine CCLs to constitute, together with three representatives of Cotontchad, the *Comité paritaire*.

The CCL hold much promise for ensuring that farmers can contribute to shaping and implementing the reform process – and become its main beneficiaries. Through the *Comité paritaire*, farmers are consulted in the determination of the producer price of seed cotton, and monitor the procurement process for cotton fertilizers and pesticides distributed by Cotontchad. At the start of every marketing season, the organizational arrangements for the primary marketing of seed cotton, including collection and transport, are agreed upon with every ginnery's CCL representatives. Moreover, an action plan is being implemented to strengthen the managerial and organizational capacities of the CCL. This will allow the CCL to participate in: (i) procurement and management of farm inputs; (ii) the marketing of seed cotton up to the factory gate; (iii) the management of microfinance operations; (iv) the ownership of privatized cotton ginning enterprises; and (v) the design and the management of agricultural services.

IV. DEBT SUSTAINABILITY ANALYSIS AND HIPC INITIATIVE ASSISTANCE

A. STRUCTURE OF EXTERNAL DEBT

46. The debt sustainability analysis (DSA) was prepared jointly by the IMF and IDA staffs and the Chadian authorities using, loan-by-loan data provided by creditors and the authorities for debt outstanding at end-2000. The debt data have been reconciled with all multilateral creditors, and a full reconciliation is expected with all bilateral creditors by the time of the Executive Board meetings in mid-May. Following standard HIPC Initiative procedures, the net present value (NPV) of the debt-to-export ratio was determined using the backward-looking three-year average of exports of goods and nonfactor services, whereas the debt-service ratio was calculated in relation to current-year exports. The exchange and interest rates used for the calculations are provided in Table 6.

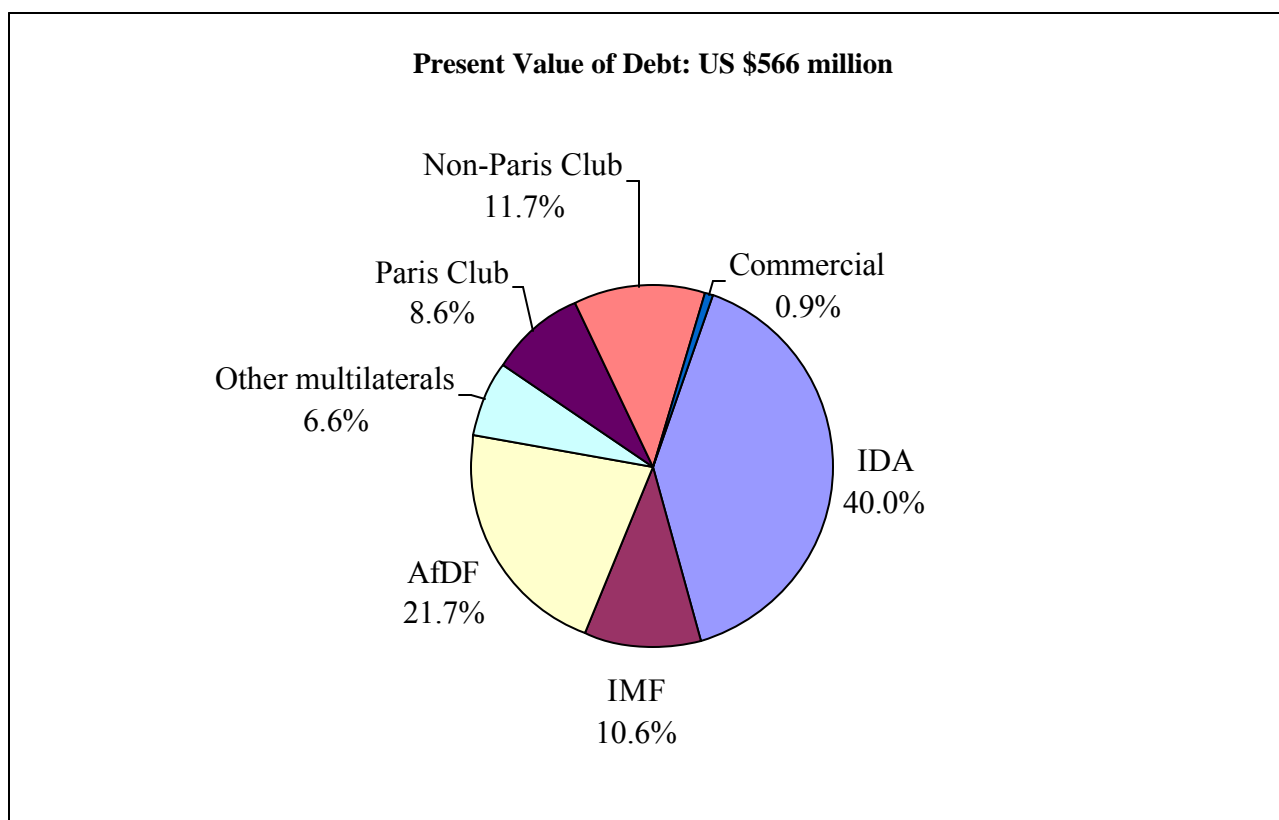
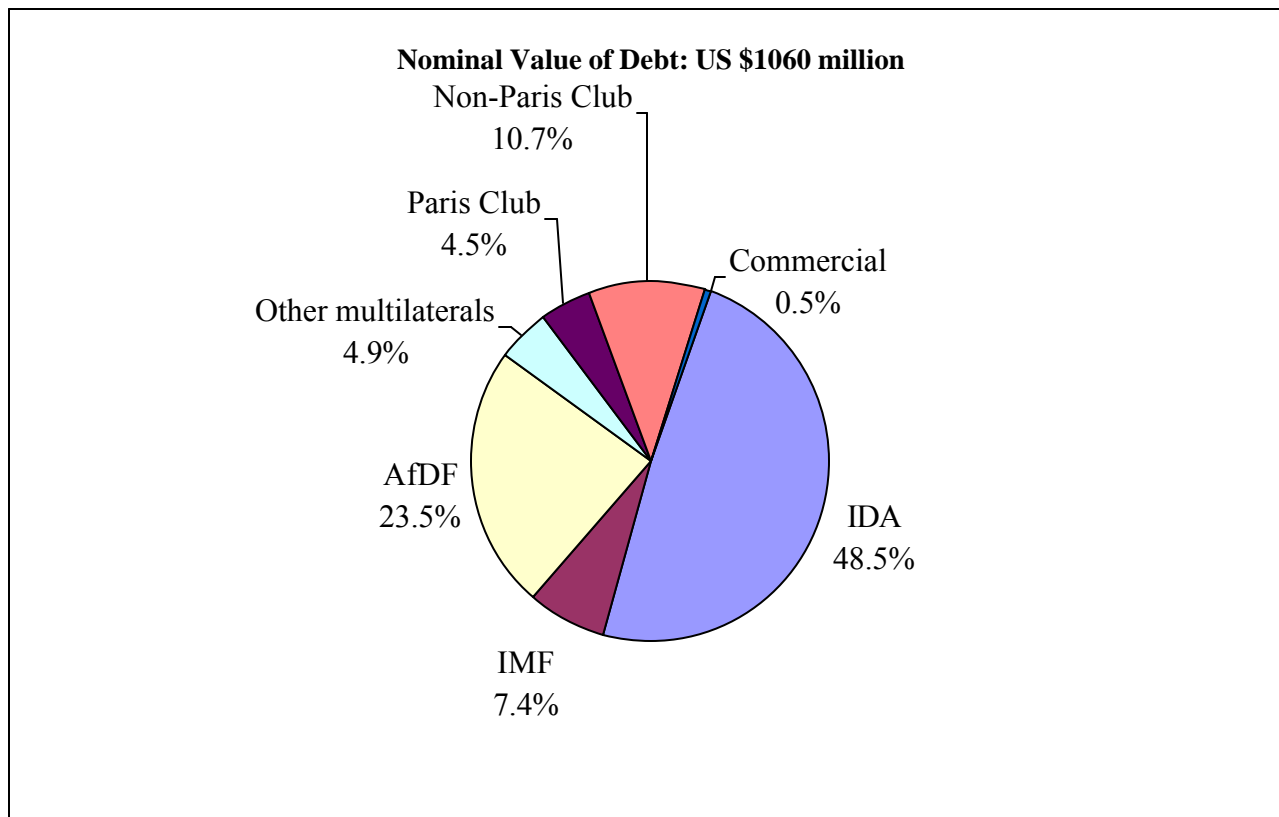
47. **Composition of external debt at end-2000.** After taking into account a hypothetical stock-of-debt operation on Naples terms, Chad's external public or publicly guaranteed debt amounts to just over US\$1 billion in nominal terms, equivalent to 75 percent of GDP. As a significant portion of the debt is on concessional terms, the total debt stock in present value terms, at end-2000, amounts to about US\$566 million. This represents 214 percent of exports of goods and nonfactor services, and 503 percent of government revenues. In NPV terms, multilateral creditors account for US\$447 million, while US\$115 million is owed to bilateral creditors. Chad's commercial debt represents only 0.9 percent of total public debt. Details of the breakdown by creditor of the stock of debt at end-December 2000, both in nominal and NPV terms, are provided in Table 4 and Figure 1.

48. **External arrears.** Since embarking on its economic reform program in 1994, Chad has remained current on its external obligations until very recently. In the second half of 2000, a combination of a tightening fiscal situation and major foreign obligations falling due resulted in a buildup of external arrears of about US\$8.2 million (0.6 percent of GDP) at end-December 2000. About US\$1.2 million of the total arrears are owed to multilateral creditors (the Arab Bank for Economic Development in Africa (BADEA), the OPEC Fund and the Islamic Development Bank), the remainder to bilateral creditors. The Chadian authorities are in the process of reaching understandings with several multilateral creditors on a plan to clear outstanding arrears over the next 12 months. These agreements are expected to be concluded by mid-May.

49. **Paris Club rescheduling.** Chad has benefited from three rescheduling operations from Paris Club creditors. The third Paris Club agreement between Chad and its official bilateral creditors was concluded in 1996. It constituted a flow rescheduling under Naples terms, which resulted in a NPV reduction of 67 percent of eligible debt and covered a consolidation period from January 1996 to August 1998.

Figure 1. Chad: Composition of Stock of External Debt, end-December 2000

After Full Use of Traditional Debt Relief Mechanisms 1/



Sources: Chadian authorities and staff estimates.

1/ Before the full use of traditional debt-relief mechanisms, the nominal value of total debt amounted to US\$ 1,067 million.

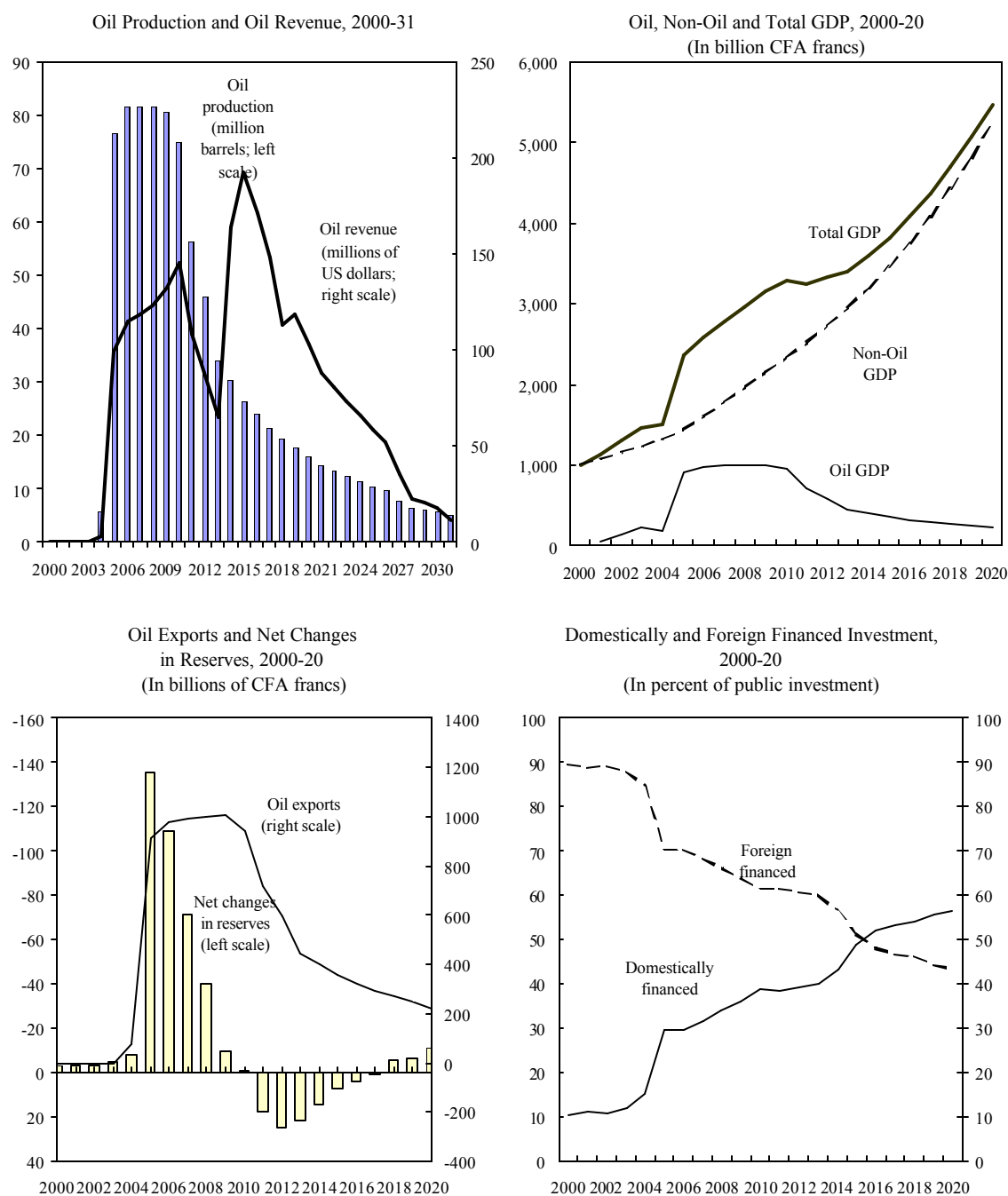
B. LONG-TERM MACROECONOMIC OUTLOOK

50. Chad's economic prospects over the medium and long term are conditioned by the exploitation of its petroleum reserves, as described in Box 9 and Table 3. Three economic periods can be distinguished: an "oil investment" period (2000-04), an "oil exploitation" period (2005-10), and an "after-oil" period (2011-20). In the first period, annual real GDP growth is expected to reach about 6 percent, boosted by a surge in oil investments and related activity in the transport and services sectors. In the second period, growth is projected to average 12 percent per annum, spurred by both the exploitation of oil (first oil from the Doba field will boost real GDP by 52 percent in 2005) and the ongoing diversification of the non-oil economy. In the third period, after an initial decline in growth due to a sharp drop in oil production between 2011 and 2013, GDP growth is expected to stabilize at around 5 percent, as growth in the non-oil sector will more than offset the continuous decline in oil sector GDP. Real GDP per capita is expected to increase by 75 percent between 2000 and 2020. The main features of the long-term macroeconomic projections are illustrated in Figure 2.

51. Poverty is expected to decline substantially by 2020. In the investment period, resources made available under the enhanced HIPC Initiative will play a major role in poverty reduction through additional financing for priority sector spending. In the subsequent two periods, HIPC Initiative resources will be complemented by oil revenue. Overall, three channels for poverty reduction can be envisaged. First, fiscal spending on health and education will rise markedly, directly enhancing human capital. Second, public spending on basic infrastructure and rural development will help eliminate major structural impediments to growth in rural areas. Third, growth will generate more gainful employment and, thus, higher revenue for poor households.

52. The assumptions used in the projections described above are conservative in several respects. First, the average growth rates for non-oil GDP are projected conservatively at about 3 percent, 7 percent, and 5 percent in the three above-mentioned periods, respectively. Second, for the cotton sector, which is Chad's main non-oil export commodity, export volumes are projected to increase from 68,000 tons in 2000 to 75,000 tons in 2004, remain at that level through 2015, and increase by 1.5 percent per annum thereafter – compared with an average export volume of 70,000 tons between 1995 and 1999. Thus, this scenario does not incorporate any major productivity gains from the ongoing liberalization of the cotton sector. Third, the scenario assumes only the exploitation of Chad's proven oil reserves, although oil companies are actively exploring Chad's territory for additional reserves.

Figure 2. Chad: Main Results of Medium-Term Macroeconomic Projections



Sources: Chadian authorities; and IMF and IDA staff estimates and projections.

Box 9. Main Assumptions for the Debt Sustainability Analysis (DSA)

The following macroeconomic assumptions were used for the 20-year baseline DSA projections:

- The projection period is divided into three sub-periods: the “oil investment” period (2000-04), the “oil exploitation period” (2005-10), and the “after-oil period” (2011-20). Annual real GDP growth is projected to average 6 percent in the first period, 12 percent in the second period, and, after a sharp decline in the early years, will stabilize at around 5 percent in the third period.
- The average world market price for crude oil will be US\$20 per barrel, and no new oil reserves will be discovered beyond Chad’s proven oil reserves as of early 2001.
- The ratio of non-oil revenue to non-oil GDP would double over the next 20 years (from about 8 percent in 2000 to 16 percent in 2020). During the exploitation period, oil revenue would represent on average 3.5 percent of total GDP, and one-third of total fiscal revenue. The profile of oil revenue is highly nonlinear, reflecting both the pattern of oil exploitation and the fact that the upstream tax will only be paid after TOTCO starts making profits, which is expected to happen in 2014 (Figure 2, upper left panel).
- During the exploitation phase, exports of goods and services are projected to reach 50 percent of GDP. In the after-oil period, the ongoing diversification of the economy is expected to enable the level of exports to stabilize at around 20 percent of GDP. The inflow of oil revenue in the exploitation period is expected to fuel a boost in imports to meet both private and public demand. In the after-oil period, import growth is projected to slow, reflecting the increased capacity of the domestic economy to meet demand. Substantial investment in the oil sector would almost double the current account deficit in the investment period – this trend will be reversed by oil production between 2005 and 2010, when the current account is projected to register substantial surpluses. In the outer years, the current account balance will return to a small deficit, owing to the drying up of oil exports. Oil production is projected to yield a substantial increase in foreign reserves. In the after-oil period, foreign reserves would stabilize at about five months of imports.
- The gradual strengthening of the fiscal position is projected to reduce Chad’s dependence on foreign-financed investment; the share of domestically financed investment in total public investment is expected to rise from one-tenth in 2000 to more than half in 2020.
- Chad is expected not to need balance of payment support after 2010. Until that point, half of its financing needs are assumed to be covered by grants, while the other half would be covered by loans on IDA terms (10 years’ grace period, 40 years’ maturity, and 0.75 percent interest). Identical terms are assumed to apply to investment-related public borrowing throughout the period.

C. ASSISTANCE UNDER THE ENHANCED HIPC INITIATIVE

53. After full use of traditional debt relief mechanisms – including a hypothetical stock-of-debt operation on Naples terms – the NPV of debt-to-export ratio is 214.4 percent in the base year (2000). Thus Chad would qualify for assistance under the export criterion of the enhanced

HIPC Initiative.⁶ To bring this ratio down to the target level of 150 percent in the base year, assistance in the amount of US\$170.1 million in NPV terms would be required. This implies a common reduction factor of 30.0 percent and translates into about US\$260 million in nominal terms over time.

54. Based on proportional burden sharing, 78.8 percent (or US\$134.1 million in NPV terms) of overall assistance would come from multilateral creditors, with IDA providing US\$68.0 million in NPV terms, followed by US\$36.9 million from the African Development Fund and US\$18.0 million from the IMF. The bilateral and commercial creditors would provide the remaining 21.2 percent (or US\$36.0 million in NPV terms) of the total assistance.

55. **Delivery of assistance.** The authorities believe that Chad will be able to fulfill all the conditions described in Section V and summarized in Box 11 for a floating completion point by end-2002. Based on that time line, and assuming a decision point in mid-May 2001, the following assumptions were made regarding the delivery of assistance to Chad under the enhanced HIPC Initiative:

- **IDA's** assistance amounts to US\$68.0 million in NPV terms and is expected to be delivered by providing 50 percent of debt service falling due, beginning with interim relief commencing in June 2001 following the decision point, until the required NPV reduction is achieved at end-May 2015 (Table 11). The average annual reduction in debt service amounts to about US\$7.6 million over this time.
- Total assistance from the **IMF** would amount to US\$18.0 million in NPV terms, or about US\$20.7 million in nominal terms (Table 10), beginning with interim relief immediately after the decision point. The IMF is expected to deliver interim assistance of US\$4.5 million in NPV terms, or about US\$5.0 million in nominal terms, after satisfactory financing assurances have been obtained. The profile of assistance is expected to reduce the debt service to the IMF by about US\$3.2 million a year on average from the expected completion point in 2002 to 2007, when the required NPV reduction will be achieved.
- The **African Development Fund** (AfDF) is expected to deliver interim assistance as of the decision point onward. Overall assistance amounts to US\$36.9 million in NPV terms in the form of an 82 percent debt-service reduction over 11 years, until the AfDF's NPV assistance target is met (Table 12).
- The **European Union's** total assistance is expected to be US\$1.3 million in NPV terms and is assumed to begin at the decision point.
- **All remaining multilateral creditors** are assumed to provide relief from the completion point onward through a fixed annual percentage reduction in debt-service payments until the required NPV reduction is achieved.

⁶ In order to qualify for assistance under the fiscal criterion, a country's revenue-to-GDP ratio must be at least 15 percent and the export-to-GDP ratio at least 30 percent. As these ratios in Chad's case are 8 percent and 17 percent, respectively, Chad does not qualify under the fiscal criterion.

- For **Paris Club** bilateral creditors, a stock-of-debt operation under Cologne terms is projected at the completion point. Paris Club creditors are assumed to provide interim relief as of the decision point in the form of a Cologne flow rescheduling. The total Paris Club contribution would amount to US\$14.6 million in NPV terms.
- **Non-Paris Club** bilateral creditors are assumed to deliver their share of relief (US\$19.9 million in NPV terms) on terms comparable to the Paris Club's Cologne terms, including interim relief.

56. **Interim assistance.** Assuming the modalities of debt relief outlined above, the expected annual debt-service savings would average about US\$14 million during the interim period (about 0.9 percent of 2001 GDP). The actual level of assistance each year will depend on the modalities for the delivery of debt relief decided on by each creditor to reach the required NPV reduction.

57. **Comparison with the preliminary document.** Box 10 sets out the changes in the debt and export statistics between the preliminary document and the decision point owing to the change in the reference year from end-1999 to end-2000. The nominal stock of debt decreased by 1 percent, while the NPV of debt decreased by 3 percent. The three-year export average decreased by 8 percent, resulting in a 5 percent increase in the NPV of debt-to-export ratio. The required assistance to bring the NPV of debt-to-export ratio down to the target of 150 percent rose from US\$156.6 million to US\$170.1 million in NPV terms, increasing the common reduction factor from 26.7 percent to 30.0 percent.

Box 10. Comparison Between the Preliminary Document and the Decision Point Document

(In millions of U.S. dollars, unless otherwise indicated)

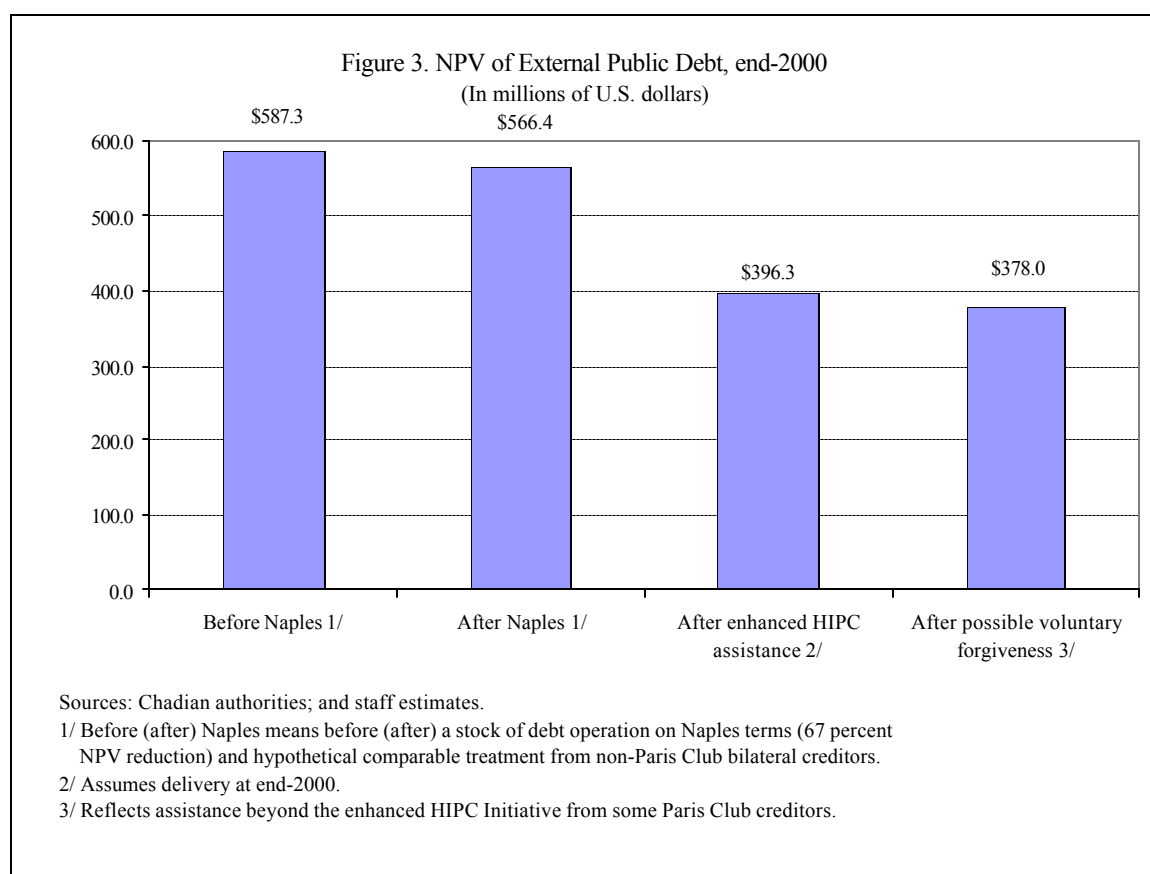
	Preliminary Document	Decision Point Document	Percent Change
Reference Date	End-December 1999	End-December 2000	
Nominal stock of external debt	1,072.1	1,066.6	-1
NPV of external debt			
Before traditional mechanisms	605.4	587.3	-3
After traditional mechanisms	586.7	566.4	-3
Three-year export average	286.7	264.2	-8
NPV of debt-to-export ratio (percent)	204.6	214.4	5
Common reduction factor (percent)	26.7	30.0	12
NPV of HIPC Initiative debt relief	156.6	170.1	9

58. **Status of creditor participation.** All of Chad's multilateral creditors – IDA, the African Development Fund, the IMF, the European Union, BADEA, the OPEC Fund, the Islamic Development Bank, and the International Fund for Agricultural Development – have agreed to participate in the enhanced HIPC Initiative. Once the Executive Boards of IDA and the IMF have discussed the decision point document, the decision-making bodies of the multilateral creditors

are expected to take specific decisions on the delivery of assistance. The Paris Club creditors have also indicated their willingness in principle to provide debt relief to Chad under the enhanced HIPC Initiative. The Chadian authorities have contacted non-Paris Club bilateral creditors regarding the provision of comparable debt relief under the enhanced HIPC Initiative.

D. IMPACT OF THE ENHANCED HIPC INITIATIVE ASSISTANCE

59. Chad's external debt burden will be reduced significantly with the delivery of assistance under the enhanced HIPC Initiative. Assuming unconditional delivery of HIPC Initiative relief, the NPV of external debt at end-2000 would decrease from US\$566 million after traditional debt relief to US\$396 million. Several Paris Club creditors have indicated debt relief could be provided beyond their assistance under the enhanced HIPC Initiative, through forgiveness of Official Development Assistance (ODA) loans. This could further reduce Chad's debt to US\$378 million (Figure 3).



60. The ratio of debt service to export will decrease to an average of 9 percent in the investment period. During the oil exploitation period, the surge in exports would imply a dramatic drop in this ratio to an average of 2 percent. In the after-oil period, it would rise again slightly, to an average of 5 percent. On an average basis, annual debt-service payments would amount to US\$26 million, US\$39 million, and US\$62 million in the first, second, and third period, respectively. Average debt-service savings would amount to US\$17 million in the

investment period, US\$18 million in the exploitation period, and US\$8 million in the after-oil period.

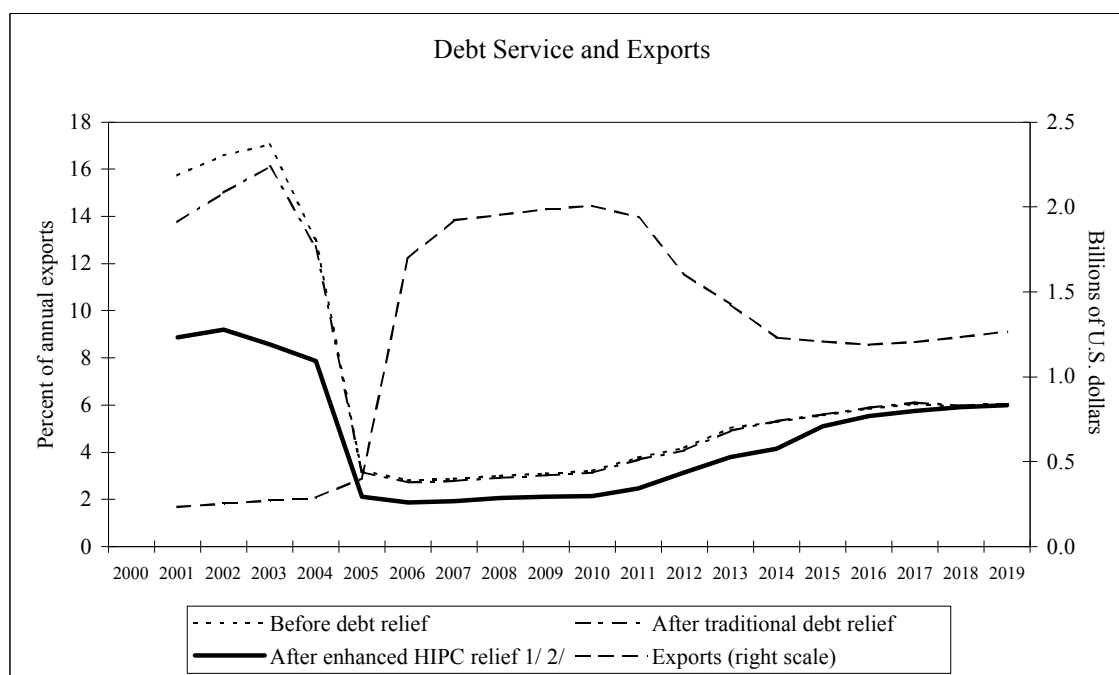
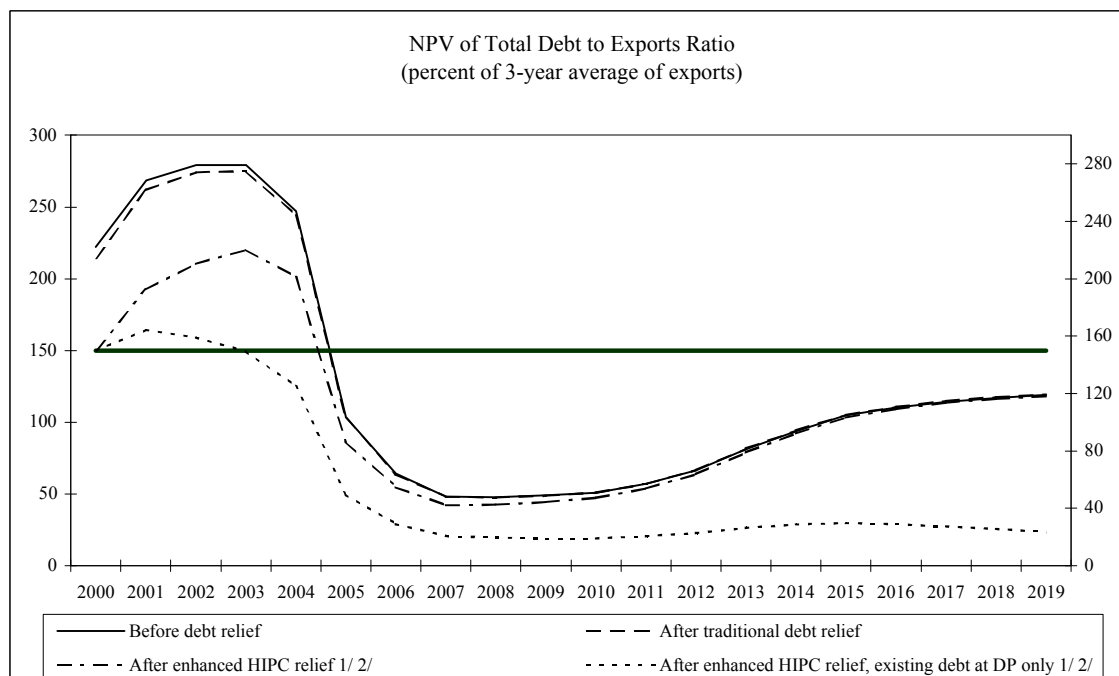
61. The DSA shows a particular profile of the NPV of debt-to-export ratio, reflecting the dominant impact of oil sector developments, and the related large borrowing needs. Following unconditional delivery of enhanced HIPC Initiative assistance, the ratio of existing debt (i.e., debt outstanding at the decision point) to exports would be 159 percent in 2002, largely reflecting export developments. It would then fall steadily to 125 percent in 2004, after which it would drop dramatically when oil exports start. Owing to substantial borrowing requirements related in particular to the oil projects (in 2001 and 2002, oil-related borrowing accounts for 35 percent of new public borrowing), the ratio of total debt to exports would average about 210 percent in 2002-04. Due to a sharp rise in exports starting in 2005, the ratio is projected to drop dramatically to an average of just over 50 percent in the oil exploitation era. In the after-oil period, this ratio is projected to gradually rise again to about 120 percent in 2020 (Figure 4).

62. Under the baseline scenario, sound macroeconomic policies would enable Chad to no longer require balance of payment support after 2010, while sharply increasing the domestic contribution to total public investment. However, the country's enormous needs would still require substantial foreign investment-related borrowing to sustain growth and to durably reduce poverty. Prudent management of future investment-related borrowing will therefore be crucial to ensure the long-term sustainability of Chad's debt.

E. SENSITIVITY ANALYSIS

63. The medium-term balance of payments projections for Chad could be subject to substantial adverse shocks, in particular if the world market price for oil were to be significantly below current projection levels. To test the robustness of the conclusions on Chad's long-term debt sustainability under the baseline scenario, two alternative scenarios were simulated. The first scenario explores the sensitivity of the results to a lower world market price for crude oil (US\$15 per barrel). This would, in turn, translate into lower growth through smaller spillover effects into the non-oil economy, and lower government revenue and spending. In such an environment, in the absence of a policy response, the overall NPV of debt-to-export ratio would increase to about 150 percent in the outer years. In order to bring the external debt back into a more sustainable range without reducing investment and, hence, growth, a shift in the external investment-related financing mix toward more concessionality would be required. To assess the impact of such an adjustment in the financing mix, a second alternative scenario was simulated. Assuming a gradual increase in the share of grants in foreign-financed public investment to 60 percent at the end of the forecast period, compared with 47 percent in the baseline scenario, is sufficient to bring the NPV of debt-to-export ratio to about 130 percent in the outer years. The results of these two scenarios are presented in Table 8.

Figure 4. Chad: Benefits from the HIPC Initiative, 2000-2019



Source: Chadian authorities, and staff estimates and projections.

1/ Assuming unconditional delivery of HIPC assistance at decision point.

2/ Includes Russian upfront discount in 2000.

V. THE COMPLETION POINT

A. FLOATING COMPLETION POINT CONDITIONS

64. Consistent with the recommendation of the Executive Boards during the discussion of the preliminary HIPC Initiative document, the completion point triggers focus on governance, as well as on service delivery in the priority sectors identified in the interim PRSP and in the preparation of the fully participatory PRSP. While this resulted in a large number of completion point triggers, the authorities, in coordination with IMF and IDA staff, took into account three criteria when defining the specific conditions. First, the triggers seek tangible improvements, either in outcomes or intermediary indicators, for the areas identified as priorities. Second, the progress implied by the triggers is challenging but feasible in a relatively short time frame. Third, the triggers can be monitored in the context of the statistics that are routinely collected by the line ministries. The completion point will be reached once the objectives specified in Box 11 have been achieved.

65. The first two completion point triggers consist of the overall conditions for reaching the completion point. They constitute the framework against which overall progress will be evaluated, centered around the development of the full PRSP and its satisfactory implementation. The governance triggers focus on the adoption and implementation of a national governance strategy and action plan, and, within this framework, on strengthening expenditure management, transparency, accountability, and the rule of law.

66. For priority sectors, triggers were defined to be consistent with sector strategies. In the area of health, the completion point triggers focus on expanding the access to basic health services and on improving related outputs, in particular vaccination rates and deliveries assisted by qualified personnel. These are crucial for addressing the high child and maternal mortality rates. For HIV/AIDS, the completion point triggers center on two pillars of the government's strategy to fight the pandemic. First, an increase in the sale of condoms will indicate the government's success in promoting low-risk sexual behavior. Second, since people infected with other STIs are at an exceptionally high risk of contracting AIDS, ensuring the treatment of these STIs and reducing their prevalence is key to containing and reducing the spread of HIV/AIDS. With respect to education, the completion point triggers are geared toward improved outcomes in primary education. The authorities decided to make these triggers especially challenging with respect to increasing girls' enrollment, since this is among the most prominent goals of its national education strategy. For basic infrastructure, among all outcomes monitored under the transport strategy, the government chose as a completion point trigger the one that most broadly indicates improvement in the rehabilitation and maintenance of the all-year road network. Finally, for rural development, the completion point triggers focus on improved access to potable water, and to water points for livestock. For agricultural families, consultation in the context of the PRSP process has revealed the importance of improved access to agricultural equipment. Hence, the government chose to define a completion point trigger reflecting this concern. In collaboration with experienced NGOs, the authorities will implement an associated program to improve local capacities for producing and repairing agricultural equipment and to enhance access to credit.

Box 11. Key Reforms and Objectives to be Achieved Before the Completion Point

Poverty reduction strategy paper

- Ensure that a fully participatory PRSP has been prepared and satisfactorily implemented for at least one year, as evidenced by the joint staff assessment of the country's annual progress report.

Macroeconomic Stability

- Continue maintenance of macroeconomic stability and satisfactory implementation of the PRGF-supported program.

Governance

- Make satisfactory progress in strengthening public expenditure management to facilitate the identification and tracking of poverty-related spending, as evidenced by the implementation for at least six months of the simplified and computerized expenditure circuit, and a functional expenditure tracing system for primary education services.
- Adopt a new law on public procurement and its application decrees; publish a quarterly bulletin on public procurement; complete audits by internationally reputed firms for the five largest public procurement contracts granted in 2001; adopt the Budget Settlement Law for year 2000 before the adoption of the Budget Law for year 2002, and similarly, adopt the Budget Settlement Law for year 2001 before the adoption of the Budget Law for year 2003; and nominate the judges for the commercial courts in the five largest cities.
- Adopt a governance strategy and action plan in consultation with IDA and the IMF and implement it for at least one year.

Priority sectors¹

Health

- Ensure that at least 75 percent of all health districts and health centers across the country are operational, up from 68 percent in 1999.
- Achieve a DPT3 vaccination rate of at least 40 percent up from 35 percent in 1999, and an assisted delivery rate of at least 20 percent, up from 15 percent in 1998.

HIV/AIDS and STIs

- Increase the sale of condoms through the social marketing project MASOCOT by at least 25 percent relative to about 2.239 million condoms sold in 2000.
- Increase the treated cases of genital ulcers to at least 30,000 per year, up from 12,000 in 1998, and the treated cases of purulent urethritis to at least 40,000 per year, up from 21,000 in 1998. Decrease the prevalence of syphilis among pregnant women from 6 percent in 1998 to at most 4 percent.

Education

- Increase the gross enrollment rate to at least 61 percent for girls and 89 percent for boys, up from 50 and 85 percent, respectively, in 1998-99.
- Reduce the repeater rate from 26 percent in 1998-99 to at most 22 percent.

Basic infrastructure

- Ensure that at least 50 percent of the all-year road network can be used throughout the year whereas now 80 percent of the network can not be used for three to five months during the rainy season.

Rural development

- Increase access to potable water to at least 32 percent, up from 27 percent in 2000.
- Increase the percentage of agricultural families equipped with plows from 24 in 2000 to at least 26.
- For livestock holders increase the number of water points by at least 10 percent, relative to 1138 water points in 2000.

¹ For each indicator, agreement was reached on how to measure progress.

B. MONITORING THE FLOATING COMPLETION POINT CONDITIONS

67. Staffs of the IMF and the IDA will jointly monitor completion point conditions, with each institution assuming specific responsibilities. IMF staff will take the lead in monitoring macroeconomic stability, while IDA staff will be responsible for monitoring conditions in priority sectors. The two institutions will jointly monitor progress regarding the preparation and implementation of the PRSP and governance triggers.

VI. THE USE AND TRACKING OF HIPC INITIATIVE DEBT RELIEF

68. **The use of HIPC Initiative debt relief.** The government has provided IDA and IMF staffs with a detailed plan for the use of funds made available by the enhanced HIPC Initiative. For fiscal year 2001, this plan is integrated into the Modified Budget Law that is expected to be submitted to parliament before mid-May 2001. The Modified Budget Law also presents a detailed allocation of the remainder of the signing bonus. These allocations are presented in Box 12. From 2002 onward, the use of HIPC Initiative debt relief will be presented in the annual Budget Law. Text Table 1 presents a tentative medium-term framework for priority sector and governance expenditures, before and after interim HIPC Initiative assistance. Box 12 and Text Table 1 show that the use of resources provided under the enhanced HIPC Initiative, as well as the allocation of remaining bonus funds, is geared toward implementing Chad's poverty reduction strategy, that is, it is focused on education, health, infrastructure, rural development, and governance.

69. **The tracking of HIPC Initiative debt relief.** To allow for adequate monitoring of the use of HIPC financed poverty reduction spending, the government has taken the following actions, which together constitute the creation of a virtual poverty fund. First, it has opened a special account with the Bank of Central African States (BEAC) where all HIPC Initiative related resources are to be lodged. Second, the use of the resources is fully integrated into the budget. Budget lines associated with poverty reduction related spending will be flagged and monitored specifically. To highlight the additional character of the use of HIPC resources, a column will be added in the presentation of the Budget Law specifying the part of each "poverty-flagged" budget line financed by HIPC Initiative resources. For the 2001 budget, a similar approach has been adopted for the use of the remainder of the bonus. Third, an expenditure report specifically identifying expenditure financed by HIPC Initiative resources⁷ will be prepared every six months by a committee headed by the Minister of Finance. These reports will be made public and will be discussed during the public consultations updating the PRS.

⁷ In 2001, the report will also cover expenditure financed with the remainder of the signing bonus.

Box 12. The Use of the Virtual Poverty Fund in 2001
(in millions of CFA francs)

Governance	2,470
Ministry of Justice	900
Supreme Court	410
Constitutional Court	365
General Finance Inspection	380
General Directorate of Public Procurement	415
Ministry of Education	2,590
Salary supplement to 1,500 community teachers	540
Recruitment of 400 primary school teachers	180
Recruitment of 400 secondary school teachers	350
Purchase of about 3,500 school desks	253
Purchase of textbooks and pedagogical materials	457
Strengthening of statistical services	70
Training	180
Supervision of decentralized inspections	100
Vehicles and equipment for decentralized inspections	100
Construction of about 50 primary school classes	360
Ministry of Health	2,732
Recruitment of health workers	492
Medical supplies, especially for treating STIs	400
Training	150
Construction/rehabilitation of health centers	750
Acquisition of ambulances and other vehicles	350
Medical equipment, especially for the vaccination cold chain	600
Ministry of Social Affairs	910
Recruitment of social workers to be placed in health centers	140
Training	290
Information and education materials focused on HIV/AIDS	270
Construction/rehabilitation and equipment of social centers	210
Ministry of Public Works	2,020
Periodic maintenance of all-year road network	1,300
Construction works (bridges, etc.)	560
Monitoring equipment	160
Ministry of Agriculture	1,795
Strengthening of local capacity to produce and repair agricultural equipment	425
Credit line for agricultural equipment to microfinance institutions	1,260
Microfinance training for small farmers	110
Ministry of Livestock	1,250
Construction of about 75 water points	1,160
Training for livestock holders regarding maintenance of water points	90
Ministry of Environment	1,173
Research and exploration equipment for village wells	150
Construction of village wells	900
Training for village communities regarding maintenance of village wells	123
Total	14,940
Financed by HIPC Initiative resources	8,740
Financed by the remainder of the signing bonus	6,200

Text Table 1. Chad: Use of HIPC Resources

	2000	2001	2002	2003	2000	2001	2002	2003
	(In billions of CFA francs)				(In percent of non-oil GDP)			
Spending, before HIPC assistance 1/	109.0	181.7	202.3	222.8	10.9	16.8	17.5	18.1
Governance	...	3.0	3.6	4.0	...	0.3	0.3	0.3
Health	19.3	22.3	27.0	30.2	1.9	2.1	2.3	2.5
Social affairs	4.5	2.7	3.0	3.4	0.5	0.2	0.3	0.3
Education	22.2	24.3	26.8	29.5	2.2	2.3	2.3	2.4
Roads	20.9	80.2	88.2	97.1	2.1	7.4	7.7	7.9
Rural development	42.2	49.2	53.7	58.6	4.2	4.6	4.7	4.8
Spending HIPC-financed	...	8.7	11.1	15.6	...	0.8	1.0	1.3
Governance	...	1.3	1.7	2.4	...	0.1	0.1	0.2
Health	...	1.5	1.9	2.7	...	0.1	0.2	0.2
Social affairs	...	0.5	0.6	0.9	...	0.0	0.1	0.1
Education	...	1.4	1.8	2.5	...	0.1	0.2	0.2
Roads	...	1.1	1.4	2.0	...	0.1	0.1	0.2
Rural development	...	2.8	3.6	5.1	...	0.3	0.3	0.4
Spending after HIPC assistance	...	190.4	213.4	238.4	...	17.7	18.5	19.4
Governance	...	4.3	5.3	6.4	...	0.4	0.5	0.5
Health	...	23.8	28.9	32.9	...	2.2	2.5	2.7
Social affairs	...	3.2	3.6	4.3	...	0.3	0.3	0.3
Education	...	25.7	28.6	32.1	...	2.4	2.5	2.6
Roads	...	81.3	89.6	99.0	...	7.5	7.8	8.1
Rural development	...	52.1	57.3	63.7	...	4.8	5.0	5.2
Memorandum items:								
Priority sector spending in percent of debt service	534.3	702.6	809.6	827.5	...	...	...	...
Total HIPC relief	...	8.7	11.1	15.6	...	0.8	1.0	1.3
Nominal non-oil GDP	1,002.4	1,078.5	1,152.9	1,230.0	...	...	...	...
Total expenditure 2/	203.2	332.5	308.7	323.3	20.3	30.8	26.8	26.3

Source: Chadian authorities; and staff estimates and projections.

1/ In 2000, does not include governance spending for which data is not available.

2/ In 2001, total expenditure is boosted by oil investment, in particular related to the Sedigi project.

VII. ISSUES FOR DISCUSSION

70. Executive Directors may wish to focus on the following issues and questions:

- **Eligibility and the decision point.** The staff and management consider that Chad is eligible for relief under the enhanced HIPC Initiative and recommend approval of a decision point. Do Executive Directors agree?
- **Amount and delivery of assistance.** Consistent with the reduction in Chad's NPV of debt-to-export ratio to 150 percent, total assistance under the enhanced HIPC Initiative is estimated to amount to US\$170.1 million in NPV terms. Of this amount, US\$68.0 million is to be provided by the IDA and US\$18.0 million by the IMF. The staff and management recommend that the IDA and the IMF provide interim assistance in line with existing guidelines. Do Directors agree?
- **Floating completion point.** The staff and management recommend a floating completion point, which would be reached when the conditions in Box 11 are met. Do Executive Directors agree?
- **Tracking mechanism** The staff and management propose that a virtual Poverty Fund be created, as specified in paragraph 69. Do Directors agree that this is an appropriate way to ensure that interim assistance and debt relief provided under the enhanced HIPC Initiative will be efficiently used to reduce poverty?

Table 1. Chad: Selected Economic and Financial Indicators, 1999-2003

	1999	2000		2001	2002	2003
		Prog	Est.	Rev. Program		Proj.
(Annual percentage change, unless otherwise specified)						
National income						
GDP at current prices	-3.6	4.1	4.1	13.6	14.2	12.3
GDP at constant prices	1.0	1.0	0.6	8.2	10.6	8.9
Implicit GDP deflator	-4.5	3.1	3.4	5.0	3.3	3.1
Consumer price index (average)	-8.0	3.7	3.8	7.3	4.0	4.0
Consumer price index (December on December)	-4.7	4.0	13.0	-0.6	6.8	2.1
Money and credit						
Net foreign assets 1/	-5.2	-9.5	-2.3	4.1	...	...
Net domestic assets 1/	4.5	15.4	21.1	15.3	...	...
Domestic credit 1/	10.6	13.9	24.5	15.4	...	...
Of which: net claims on central government 2/	12.4	11.2	18.7	13.3	...	...
credit to nongovernment sector	-1.7	2.6	5.8	9.1	...	...
Broad money 3/	-2.6	5.9	18.5	19.0	...	...
Income velocity of money (M2) 4/	9.4	8.8	8.2	7.8	...	...
External sector (valued in CFA francs)						
Exports, f.o.b.	-23.6	-5.2	11.8	7.7	9.2	11.3
Imports, f.o.b.	-6.6	1.2	15.6	123.9	21.6	17.7
Export volumes	-16.0	-4.6	3.9	-2.4	5.3	5.7
Import volumes	-8.5	-5.4	8.1	151.3	28.0	15.6
Terms of trade	-6.9	3.9	-2.5	19.2	2.0	-0.1
Real effective exchange rate (- deprec.)	2.8	...	-3.6	...	...	...
(In percent of GDP)						
Basic ratios						
Gross investment	12.6	16.1	17.0	40.7	47.2	50.7
Central government investment	9.4	9.3	10.3	18.5	14.5	13.2
Private sector investment	3.2	6.8	6.7	22.2	32.8	37.5
Of which: oil sector	0.1	1.2	2.5	17.1	26.5	30.4
Gross domestic savings	-2.2	-0.5	1.6	0.5	3.5	4.2
Central government	-1.1	...	-2.0	-2.3	-0.6	0.1
Private sector	-1.2	...	3.5	2.8	4.1	4.1
Gross national savings	-1.4	4.5	3.3	1.3	3.7	4.7
Central government finance						
Revenue	8.1	9.0	8.0	8.4	8.7	9.1
Total expenditure	18.6	19.0	20.3	29.2	23.7	22.1
Current primary balance (- =deficit) 5/	-0.1	0.3	-0.9	-1.3	0.3	0.9
Underlying position 5/ 6/	-0.1	0.4	-0.8	0.2	0.8	1.3
Underlying position plus Poverty Fund financed expenditure 5/	-0.1	0.4	-0.8	-0.3	0.5	0.9
Overall fiscal deficit (commitment basis) 5/	-10.5	-10.0	-12.3	-20.8	-15.1	-13.1
Overall fiscal deficit (cash basis) 5/	-10.9	-11.5	-12.4	-21.5	-15.4	-13.3
Domestic financing	1.0	2.1	2.6	0.5	-0.4	-0.2
External financing (already obtained)	9.9	8.2	9.8	20.3	15.3	12.5
Financing gap (-)	0.0	-1.2	0.0	-0.7	-0.4	-1.1
External sector						
Current account (- deficit)						
Including official transfers	-14.0	-11.7	-13.7	-39.3	-43.6	-45.9
Excluding official transfers	-15.3	-14.9	-16.0	-40.7	-44.2	-46.8
Excluding official transfers and oil-related imports	-15.2	13.7	-13.5	-23.6	-17.7	-16.5
Overall balance of payments (- deficit)	-2.1	-0.3	-0.9	-4.8	-2.8	-1.4
(In millions of U.S. dollars, unless otherwise specified)						
Overall balance of payments deficit/surplus	-33.3	-4.6	-13.0	-78.0	-50.9	-27.6
Nominal GDP	1,566.2	1,479.9	1,405.8	1,631.3	1,843.5	2,003.1
Nominal GDP (in billions of CFA francs)	962.9	980.6	1,002.4	1,138.4	1,300.3	1,460.0
CFA francs per U.S. dollar (period average)	614.8	662.6	713.0	697.8	705.3	728.9
CFA francs per U.S. dollar (end of period)	648.8	661.0	711.3	703.6	696.2	689.0
Population (midyear, in million)	7.3	7.2	7.5	7.7	7.9	8.1
Nominal GDP per capita	214.8	206.7	188.0	212.8	234.6	248.7

Sources: Chadian authorities; and staff estimates and projections.

1/ Changes as percent of broad money stock at beginning of period.

2/ Defined as the Treasury and the CAA; includes net use of Fund resources.

3/ For 1994 onward, including correction for currency notes not yet sorted at the BEAC national agency.

4/ Ratio of GDP to average broad money.

5/ Excluding grants.

6/ Excluding exceptional spending (summits, elections, famine) and expenditure financed by the Poverty Fund.

Table 2. Chad: Balance of Payments, 1999-2003

	1999	2000		2001	2002	2003
		Prog.	Est.	Rev.	Prog.	Proj.
(In billions of CFA francs)						
Current account, incl. off. curr. transfers	-134.4	-114.4	-137.8	-447.7	-566.7	-670.8
Current account, excl. off. curr. transfers	-147.2	-145.9	-160.5	-463.4	-574.9	-683.7
Current account, excl. pipeline imports	-134.4	-114.4	-112.7	-253.0	-221.6	-227.5
Trade balance, incl. oil sector	-34.3	-30.5	-44.0	-248.7	-319.7	-386.2
Trade balance, excl. oil sector	-34.3	-26.2	-26.8	-119.8	-91.3	-93.0
Exports, f.o.b.	115.7	122.7	129.4	139.4	152.2	169.3
Imports, f.o.b.	149.9	153.2	173.3	388.0	471.8	555.5
Formal imports	113.0	109.8	136.3	326.7	405.7	484.8
Of which: pipeline-related imports	...	4.3	17.1	128.8	228.3	293.3
emergency cereal imports 1/	...	...	...	16.5	...	...
Informal	37.0	43.4	37.0	61.3	66.1	70.8
Services, incl. oil sector (net)	-108.5	-107.1	-110.9	-208.4	-248.6	-292.0
Services, excl. oil sector (net)	-107.4	-99.9	-103.0	-142.5	-131.8	-142.0
Credit	32.9	32.3	36.8	36.9	38.7	40.5
Debit	141.4	139.3	147.7	245.3	287.3	332.5
Of which: pipeline related	1.1	7.2	7.9	65.9	116.8	150.0
Factor income (net)	-8.6	-10.3	-6.7	-6.6	-7.6	-6.4
Of which: credit, oil related	0.0	0.0	0.0	0.0	0.0	0.0
Current transfers (net)	17.0	33.5	23.8	16.0	9.1	13.9
Official (net)	12.9	31.4	22.7	15.7	8.1	12.9
Of which: HIPC Initiative grants	...	...	...	6.4	8.1	12.9
Private (net)	4.2	2.0	1.1	0.3	1.0	1.0
Capital and financial account	106.1	111.4	127.3	393.3	530.8	650.7
Long- and medium-term capital	112.1	101.2	130.8	390.2	526.8	647.4
Public	83.8	76.3	78.5	171.0	152.2	153.1
Capital transfers	30.0	46.5	48.0	86.1	60.5	61.2
Project grants	30.0	46.5	48.0	86.1	60.5	61.2
Drawings	64.7	44.4	44.6	100.6	107.7	108.4
Project loans (including pipeline loan)	39.2	35.6	44.6	100.6	107.7	108.4
Program loans	25.5	8.8	...	...	...	...
Repayment	-10.9	-14.6	-14.1	-15.7	-16.0	-16.5
Private	28.3	24.9	52.3	219.1	374.6	494.3
Direct investment	26.2	26.5	51.3	219.2	375.0	488.4
Of which: direct oil project investment	0.0	0.0	26.4	198.2	351.3	451.2
Other investments	2.1	-1.6	0.0	-0.4	6.0	6.1
Of which: banking sector	-1.9	0.0	3.0	1.0	1.0	3.0
Short-term capital	-6.0	10.1	-3.5	3.1	4.0	3.3
Private sector	3.5	1.8	2.8	1.1	1.8	1.2
Banking sector	-9.5	8.3	-6.3	2.0	2.2	2.1
Net errors and omissions	7.8	0.0	1.2	0.0	0.0	0.0
Overall balance	-20.5	-3.1	-9.3	-54.4	-35.9	-20.1
Financing	20.5	-4.5	9.3	5.8	0.7	-7.2
Change in official net reserves	15.2	-13.3	-3.4	-3.1	-3.5	-5.0
Change in arrears	0.0	0.0	3.5	-3.5	0.0	0.0
Rescheduling of public debt and arrears	1.2	...	...	...	...	...
Use of Fund resources (net)	4.1	8.8	9.2	12.3	4.2	-2.2
Of which: additional support for emergency food imports	...	...	...	5.1	...	...
Financing need	...	...	0.0	48.7	35.2	27.3
Identified financing	...	...	...	41.0	29.3	10.9
European Union	...	...	...	14.3	11.8	0.0
World Bank	...	...	...	17.4	10.6	10.9
African Development Bank	...	...	...	4.0	4.0	0.0
HIPC Initiative assistance	...	...	...	2.3	2.9	...
Other donors 2/	...	...	...	3.0	...	...
Financing gap	0.0	7.6	0.0	7.6	5.8	16.4
Possible financing	...	...	...	7.6	3.2	2.0
Debt rescheduling (Naples treatment)	...	...	...	3.6	3.2	2.0
Bilateral donors	...	...	...	4.0	...	...
(In percent, unless otherwise indicated)						
Memorandum items:						
Nominal GDP (in billions of CFA francs)	962.9	980.5	1,002.4	1,138.4	1,300.3	1,460.0
Current account balance (incl. official transfers)/GDP	-14.0	-11.7	-13.7	-39.3	-43.6	-45.9
Current account balance (excl. official transfers)/GDP	-15.3	-14.9	-16.0	-40.7	-44.2	-46.8
Current account balance (excl. off. transfers and oil sector)/GDP	-15.2	-13.7	-13.5	-23.6	-17.7	-16.5
Gross foreign assets (in billions of CFA francs)	64.2	72.8	80.2	92.7	96.2	101.2
Gross foreign assets (incl. pipeline) 3/	3.0	3.5	3.4	1.9	1.7	1.5
Gross foreign assets in months (excl. pipeline) 3/	...	3.7	3.7	2.9	3.3	3.2

Sources: Chadian authorities; and staff estimates and projections.

1/ Imports of 66,000 tons of cereal to meet the food shortage.

2/ External assistance for elections.

3/ In months of imports of goods and nonfactor services.

Table 3. Chad: Main Assumptions Underlying the Macroeconomic Framework, 2000-20
(In percent of GDP, unless otherwise specified)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2001-04	2005-10	2011-20
	Est.	Projections																				Average		
Economic growth and prices																								
Real GDP (percentage change)	0.6	8.2	10.6	8.9	0.2	51.6	6.6	4.3	3.9	3.1	1.0	-4.0	-0.5	-0.7	2.9	3.0	3.8	4.0	4.4	4.6	4.7	5.7	11.7	2.2
<i>Of which:</i> non oil GDP	0.6	2.5	3.5	3.5	4.3	6.0	8.0	8.0	7.0	6.0	5.5	5.0	5.0	5.0	5.1	5.2	5.3	5.4	5.5	5.5	5.5	2.9	6.8	5.3
oil GDP	...	...	136.8	49.9	-22.0	377.6	4.4	-1.7	-1.7	-2.7	-8.8	-26.1	-20.0	-27.3	-11.8	-14.6	-11.2	-12.5	-10.9	-10.0	-11.3	54.9	61.2	-15.6
Real GDP per capita (percentage change)	-1.8	5.6	7.9	6.3	-2.3	47.9	4.0	1.8	1.4	0.6	-1.5	-6.3	-3.0	-3.2	0.4	0.5	1.2	1.4	1.9	2.1	2.1	3.1	9.0	-0.3
Consumer prices (annual percentage change, average)	3.8	7.3	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.4	3.0	3.0
National Accounts																								
Gross domestic investment	17.0	40.7	47.2	50.7	34.5	17.7	13.5	13.5	13.6	13.8	14.2	14.8	15.2	15.5	15.8	16.7	17.1	17.0	16.8	16.7	16.5	38.0	14.4	16.2
Government	10.3	18.5	14.5	13.2	11.3	9.0	8.5	8.4	8.4	8.5	8.8	9.2	9.4	9.6	9.9	10.7	11.1	11.0	10.7	10.7	10.5	13.6	8.6	10.3
Other	6.7	22.2	32.8	37.5	23.1	8.7	5.0	5.1	5.2	5.3	5.4	5.6	5.8	5.9	5.8	6.0	6.0	6.0	6.0	6.0	6.0	24.5	5.8	5.9
Gross national savings	3.3	1.3	3.7	4.7	7.9	35.9	35.4	33.4	31.5	29.6	27.4	21.9	18.6	15.0	14.4	14.6	14.4	13.9	13.5	13.1	12.8	4.2	32.2	15.2
Government	0.3	-0.9	0.0	1.0	1.3	3.6	3.6	3.9	4.2	4.4	4.7	4.7	4.8	4.9	7.1	7.4	6.9	6.8	6.7	6.9	6.7	0.4	4.0	6.3
Other	3.0	2.2	3.6	3.7	6.6	32.3	31.8	29.5	27.4	25.3	22.7	17.2	13.8	10.1	7.2	7.3	7.5	7.0	6.7	6.2	6.1	3.8	28.2	8.9
Savings-investment balance	13.7	39.3	43.6	45.9	26.6	-18.2	-21.9	-19.8	-17.9	-15.8	-13.1	-7.1	-3.4	0.5	1.4	2.1	2.7	3.1	3.3	3.7	3.7	33.8	-17.8	1.0
Government Finance																								
Total revenue (excluding grants)	8.0	8.4	8.7	9.1	9.9	10.1	10.6	11.0	11.3	11.8	12.6	13.0	13.4	13.8	16.3	17.2	17.2	17.1	16.8	16.9	16.7	8.8	11.2	15.8
Oil revenue	0.0	0.0	0.0	0.0	0.1	3.1	3.2	3.1	3.0	3.1	3.2	2.4	1.9	1.4	3.3	3.7	3.1	2.5	1.7	1.7	1.4	0.0	3.1	2.3
Non-oil revenue	8.0	8.4	8.7	9.1	9.8	7.0	7.4	7.8	8.3	8.8	9.4	10.6	11.4	12.4	13.0	13.6	14.1	14.6	15.1	15.2	15.3	8.8	8.1	13.5
Total expenditure	20.3	29.2	23.7	22.1	20.6	16.0	15.9	15.9	16.0	16.3	17.1	17.8	18.3	18.8	19.3	20.6	21.4	21.2	20.8	20.8	20.5	23.2	16.2	19.9
Current expenditure	10.0	10.7	9.3	8.9	9.3	7.0	7.4	7.5	7.5	7.8	8.3	8.6	8.9	9.1	9.4	9.9	10.3	10.3	10.1	10.1	10.0	9.6	7.6	9.7
Capital expenditure	10.3	18.5	14.5	13.2	11.3	9.0	8.5	8.4	8.4	8.5	8.8	9.2	9.4	9.6	9.9	10.7	11.1	11.0	10.7	10.7	10.5	13.6	8.6	10.3
Primary current balance	-0.9	-1.3	0.3	0.9	1.5	3.7	3.7	4.0	4.2	4.4	4.7	4.8	4.9	5.1	7.4	7.7	7.3	7.2	7.1	7.2	7.1	0.1	4.1	6.6
Overall balance (commitment basis, excl. grants)	-12.3	-20.8	-15.1	-13.1	-10.7	-5.9	-5.4	-5.0	-4.6	-4.5	-4.5	-4.8	-4.9	-5.0	-3.0	-3.4	-4.2	-4.1	-4.0	-3.9	-3.8	-14.4	-5.0	-4.1
Balance of Payments																								
Exports of goods and services 1/	16.6	15.5	14.7	14.4	19.4	48.9	47.6	45.1	42.9	40.9	37.8	31.7	27.9	23.8	22.2	20.6	19.4	18.2	17.2	16.3	15.5	16.1	43.8	21.3
(in millions of U.S. dollars)	233.1	252.6	270.6	287.8	401.7	1,576.5	1,684.8	1,714.8	1,746.6	1,766.6	1,701.2	1,409.1	1,270.8	1,107.4	1,096.6	1,079.4	1,087.4	1,088.9	1,107.6	1,134.9	1,163.3	289.2	1,698.4	1,154.5
Exports of goods and services (three-year mvg. avg.)	...	...	15.6	14.8	16.2	27.6	38.6	47.2	45.2	42.9	40.5	36.8	32.5	27.8	24.6	22.2	20.7	19.4	18.3	17.2	16.3	15.5	40.3	23.6
(in millions of U.S. dollars)	...	...	252.1	270.3	320.0	755.3	1,221.0	1,658.7	1,715.4	1,742.6	1,738.1	1,625.6	1,460.4	1,262.4	1,158.3	1,094.5	1,087.8	1,085.2	1,094.6	1,110.4	1,135.3	280.8	1,471.9	1,211.5
Imports of goods and services 1/	32.0	55.6	58.4	60.8	46.2	32.1	28.8	28.7	28.8	29.1	29.5	29.3	28.8	28.1	27.2	27.4	26.5	25.4	24.3	23.3	22.4	50.6	29.5	26.3
(in millions of U.S. dollars)	450.3	907.6	1,076.3	1,218.4	954.4	1,036.3	1,018.6	1,092.3	1,172.6	1,257.1	1,325.4	1,303.5	1,313.1	1,311.3	1,343.2	1,433.3	1,485.1	1,521.5	1,566.2	1,616.5	1,679.4	921.4	1,150.4	1,457.3
Current account, including official current transfers	-13.7	-39.3	-43.6	-45.9	-26.6	18.2	21.9	19.8	17.9	15.8	13.1	7.1	3.4	-0.5	-1.4	-2.1	-2.7	-3.1	-3.3	-3.7	-3.7	-33.8	17.8	-1.0
(in millions of U.S. dollars)	-193.2	-641.5	-803.5	-920.3	-549.1	587.9	775.3	755.5	728.3	684.5	591.0	316.9	156.5	-23.8	-69.4	-110.5	-150.0	-187.9	-212.7	-253.7	-275.3	-621.5	687.1	-81.0
Current account, excluding official current transfers	-16.0	-40.7	-44.2	-46.8	-27.3	17.7	21.5	19.5	17.5	15.5	12.8	6.8	3.1	-0.7	-1.6	-2.2	-2.7	-3.1	-3.3	-3.7	-3.7	-35.0	17.4	-1.1
(in millions of U.S. dollars)	-225.1	-664.1	-815.0	-938.1	-563.7	572.5	760.2	740.6	712.9	668.6	574.5	301.1	140.7	-34.0	-80.0	-112.8	-150.2	-188.0	-212.8	-253.7	-275.3	-641.2	671.5	-86.5
Overall balance	-0.9	-4.8	-2.8	-1.4	-1.4	5.4	4.1	2.6	1.5	0.4	0.2	-0.4	-0.7	-0.7	-0.5	-0.3	-0.2	-0.1	0.1	0.1	0.2	-2.3	2.4	-0.2
(in millions of U.S. dollars)	-13.0	-78.0	-50.9	-27.6	-29.4	175.7	145.8	100.0	62.2	19.4	7.4	-19.9	-34.0	-31.9	-23.7	-14.3	-9.4	-5.6	7.0	8.1	14.7	-39.8	85.1	-10.9
New nongap borrowing	4.4	8.8	8.3	7.4	5.4	3.5	3.3	3.2	3.1	3.0	2.9	3.1	3.1	3.1	3.0	2.9	2.8	2.7	2.6	2.5	2.4	6.9	3.2	2.8
(in millions of U.S. dollars)	62.5	144.2	152.7	148.7	110.8	114.1	117.6	121.1	124.7	128.5	132.3	136.3	140.4	144.6	148.9	153.4	158.0	162.7	167.6	172.6	177.8	123.8	123.0	156.2
Overall financing gap	0.0	0.7	0.4	1.1	2.3	0.7	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.2	0.0
(in millions of U.S. dollars)	0.0	11.0	8.3	22.5	48.5	21.1	13.2	7.7	3.1	2.1	0.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.1	8.0	0.0
Gross official reserves (in weeks of imports) 2/ 3/	13.1	14.7	8.4	7.2	6.4	9.1	18.8	27.7	31.0	31.5	29.9	28.4	27.9	26.3	25.1	23.7	21.7	20.7	20.2	20.0	19.7	10.0	24.7	23.4
Export volume growth (percentage change) 2/ 4/	3.9	-2.4	5.3	5.7	-26.3	39.4	5.4	0.3	0.4	-0.3	-5.0	-15.8	-6.1	-3.0	4.6	7.5	9.4	11.6	12.9	14.5	14.0	-2.8	6.7	4.9
Import volume growth (percentage change) 2/	8.1	151.3	28.0	15.6	-27.8	8.7	7.7	3.2	3.5	3.4	-0.1	-11.8	-5.1	-3.1	2.4	5.0	3.6	5.4	1.0	1.7	1.4	35.0	4.4	0.0
Terms of trade (percentage change)	-2.5	19.2	2.0	-0.1	5.7	3.5	0.0	-0.8	-0.8	-0.8	-0.9	-1.1	-0.6	-0.3	-0.2	-0.1	0.0	0.3	0.2	-0.1	0.1	4.9	0.0	-0.2
Memorandum Items																								
Nominal GDP																								
(in billions of CFA francs)	1,002	1,138	1,300	1,460	1,506	2,352	2,582	2,774	2,968	3,151	3,277	3,242	3,321	3,395	3,599	3,817	4,080	4,370	4,699	5,064	5,460	1,281	2,851	4,105
(in millions of U.S. dollars)	1,406	1,631	1,844	2,003	2,066	3,226	3,542	3,806	4,073	4,324	4,496	4,448	4,557	4,658	4,937	5,237	5,598	5,995	6,448	6,948	7,491	1,790	3,911	5,632
(in U.S. dollars per capita)	188	213	235	249	250	381	408	428	447	463	470	453	453	452	467	484	504	527	553	581	611	227	433	509
Government revenue																								
(in millions of U.S. dollars)	113	138	160	182	205	326	375	417	461	512	569	578	609	643	804	903	960	1024	1086	1175	1252	159.3	443.3	903.4
Population growth (percentage change)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

Sources: Chadian authorities; and staff estimates and projections.

1/ Exports (imports) of goods and services as defined in IMF, *Balance of Payments Manual*, 5th edition, 1993.

2/ Merchandise only (f.o.b.)

3/ Excluding merchandise imports related to the pipeline project.

Table 4. Chad: Nominal and Net Present Value of External Debt Outstanding, End-December 2000

	Nominal Debt 1/			NPV of Debt 2/			NPV of Debt After Traditional Debt-Relief Mechanisms2/		
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group
Total	1,066.6	100.0	...	587.3	100.0	...	566.4	100.0	...
Multilateral institutions	892.5	83.7	100.0	446.6	76.0	100.0	446.6	78.8	100.0
African Development Fund	248.7	23.3	27.9	122.8	20.9	27.5	122.8	21.7	27.5
BADEA	8.9	0.8	1.0	7.2	1.2	1.6	7.2	1.3	1.6
European Union	6.0	0.6	0.7	4.3	0.7	1.0	4.3	0.8	1.0
IDA	513.7	48.2	57.6	226.5	38.6	50.7	226.5	40.0	50.7
IFAD	10.9	1.0	1.2	5.0	0.9	1.1	5.0	0.9	1.1
IMF	78.1	7.3	8.8	59.9	10.2	13.4	59.9	10.6	13.4
Islamic Development Bank	10.6	1.0	1.2	8.1	1.4	1.8	8.1	1.4	1.8
OPEC Fund	15.6	1.5	1.7	12.8	2.2	2.9	12.8	2.3	2.9
Official bilateral creditors	168.8	15.8	...	135.8	23.1	...	115.0	20.3	...
Paris Club	54.7	5.1	100.0	55.9	9.5	100.0	48.6	8.6	100.0
Post-cutoff date	14.4	1.3	26.3	11.7	2.0	20.9	11.7	2.1	24.0
Pre-cutoff date	40.3	3.8	73.7	44.2	7.5	79.1	37.0	6.5	76.0
Of which: ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
non-ODA	40.3	3.8	73.7	44.2	7.5	79.1	37.0	6.5	76.0
Austria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	38.6	3.6	70.6	40.6	6.9	72.7	37.3	6.6	76.8
Germany	0.4	0.0	0.7	0.4	0.1	0.7	0.4	0.1	0.8
Italy	4.7	0.4	8.6	4.7	0.8	8.5	4.3	0.8	8.7
Netherlands	0.6	0.1	1.1	0.7	0.1	1.2	0.7	0.1	1.4
Russia	4.1	0.4	7.4	4.1	0.7	7.3	0.6	0.1	1.2
Spain	6.3	0.6	11.6	5.3	0.9	9.5	5.3	0.9	11.0
Non-Paris Club Official Bilateral	114.2	10.7	100.0	79.9	13.6	100.0	66.4	11.7	100.0
Post-cutoff date	88.3	8.3	77.3	63.1	10.8	79.0	63.1	11.1	95.1
Pre-cutoff date	25.9	2.4	22.7	16.8	2.9	21.0	3.2	0.6	4.9
Of which: ODA	25.3	2.4	22.2	16.2	2.8	20.3	3.0	0.5	4.6
non-ODA	0.6	0.1	0.5	0.6	0.1	0.7	0.2	0.0	0.3
Cameroon	0.3	0.0	0.3	0.3	0.1	0.4	0.1	0.0	0.2
China	37.3	3.5	32.7	24.8	4.2	31.0	11.7	2.1	17.7
Côte d'Ivoire	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Israel	0.3	0.0	0.2	0.3	0.0	0.3	0.2	0.0	0.3
Kuwait	21.8	2.0	19.1	17.1	2.9	21.4	17.1	3.0	25.7
Saudi Arabia	14.2	1.3	12.4	9.7	1.6	12.1	9.7	1.7	14.6
Senegal	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Taiwan Province of China 3/	40.0	3.8	35.0	27.5	4.7	34.4	27.5	4.9	41.5
Togo	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.1
Commercial loans	5.2	0.5	...	5.0	0.8	...	4.9	0.9	...

Sources: Chadian authorities; and staff estimates.

1/ Total debt outstanding at end-December 2000 before up-front discount from Russia.

2/ After full use of traditional debt-relief mechanisms and comparable treatment by non-Paris Club official bilateral and commercial creditors at end-2000.

3/ Terminology used by the IMF, which accords with the practice of the UN.

Table 5. Chad HIPC Initiative: Assistance Levels Under a Proportional Burden-Sharing Approach 1/
(In millions of U.S. dollars in end-December 2000 NPV terms, unless otherwise indicated) 2/

	Total	Multilaterals	Bilaterals	Commercial Banks	Common Reduction Factor 3/ (Percent)	Memo Item: Required NPV Debt Reduction on Comparable Treatment on Bilateral Debt Based on Overall Exposure 4/ (Percent)
NPV of debt-to-export target (in percent)	150					
Debt relief under baseline scenario	170	134	35	1	30.0	
NPV of debt 5/ 6/	566	447	115	5		
Three-year export average	264					
NPV of debt-to-export ratio (percent) 7/	214					
Paris Club creditors:						76.7
<i>of which:</i> pre-cutoff-debt non-ODA						79.8
Non-Paris Club Creditors:						76.7
<i>of which:</i> pre-cutoff-debt non-ODA						...
Commercial creditors						76.7

Sources: Chadian authorities; and staff estimates and projections.

1/ Assumes proportional burden-sharing as described in "HIPC Initiative: Estimated Costs and Burden-Sharing Approaches" (EBS/97/127; 7/7/97, and IDA/SEC M97-306;7/7/97), that is, after full application of traditional debt-relief mechanisms.

2/ Using six-month backward-looking discount rates at end-December 2000, and end-2000 exchange rates.

3/ Each creditor's NPV reduction in percent of its exposure at the decision point (after hypothetical Naples stock of debt operation at the end of the base year).

4/ Includes traditional debt-relief; a hypothetical stock-of-debt operation on Naples terms with comparable treatment from non-Paris Club creditors.

5/ After a hypothetical stock-of-debt operation on Naples terms at end-2000.

6/ Based on latest data available at the decision point after full application of traditional debt-relief mechanisms.

7/ Based on the three-year backward-looking average of exports of goods and nonfactor services (i.e., 1998-2000).

Table 6. Chad: Discount Rate and Exchange Rate Assumptions

	Discount Rates 1/ (In percent)	Exchange Rates 2/ (Currency per U.S. dollar)
Currency		
Austrian schilling	6.25	14.79
Belgian franc	6.25	43.35
Canadian dollar	7.00	1.50
CFA franc	6.25	704.95
Swiss franc	5.33	1.64
Chinese yuan	6.09	8.28
Deutsche mark	6.25	2.10
Danish krone	6.73	8.02
European currency unit/euro	6.25	1.07
Spanish peseta	6.25	178.81
Finnish markka	6.25	6.39
French franc	6.25	7.05
Pound sterling	6.73	0.67
Italian lira	6.25	2,080.89
Japanese yen	2.03	114.90
Kuwaiti dinar	6.09	0.31
Netherlands guilder	6.25	2.37
Norwegian krone	8.02	8.85
Portuguese escudo	6.25	215.46
Special drawing rights	6.09	0.77
Saudi arabian riyal	6.09	3.75
Swedish krona	6.20	9.54
Russian ruble	7.19	0.60
U.S. dollar	7.19	1.00

Sources: European Central Bank; IMF, *International Financial Statistics* ; OECD; and staff estimates.

1/ Average commercial interest reference rates for respective currencies over the six-month period prior to end-December 2000 (i.e., the end of the period for which actual debt and export data are available).

2/ End-of-period exchange rates as of end-December 2000.

Table 7. Chad: Net Present Value of External Debt After Rescheduling, 2000–20
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2015	2020	2001-04	2005-10	2011-20
	Actual	Projected													Average		
Before debt relief																	
NPV of total debt	587.3	651.5	704.4	754.6	791.4	824.7	860.7	897.1	932.6	968.8	1,008.0	1,052.4	1,265.1	1,578.8	725.5	915.3	1,301.9
NPV of old debt	587.3	583.2	574.9	563.1	548.4	531.1	514.7	500.2	485.1	468.7	452.0	437.0	374.9	290.0	567.4	492.0	364.9
Multilateral	446.6	450.0	449.4	445.5	438.1	427.8	417.4	409.4	401.0	391.9	382.5	375.1	338.2	271.7	445.7	405.0	328.8
Bilateral	135.8	129.6	123.2	116.4	109.8	103.1	97.1	90.7	83.8	76.6	69.3	61.7	36.5	18.0	119.7	86.7	35.9
Paris Club	55.9	52.3	48.7	46.5	44.5	42.8	40.9	38.8	36.4	33.9	31.7	29.2	16.7	5.4	48.0	37.4	15.6
Other official bilateral	79.9	77.2	74.5	69.9	65.2	60.3	56.2	51.9	47.4	42.7	37.6	32.5	19.8	12.6	71.7	49.3	20.2
Commercial	5.0	3.6	2.3	1.2	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.9	0.2	0.2
Memorandum items:																	
NPV of debt-to-exports ratio (percent) 1/	222.3	268.7	279.5	279.1	247.3	103.7	64.2	48.3	47.7	48.9	51.0	56.9	104.7	120.4	268.7	60.6	98.4
NPV of debt-to-revenue ratio (percent)	521.9	473.5	453.6	419.0	387.9	254.7	235.8	225.3	215.0	202.5	190.1	196.5	150.7	137.2	433.5	220.6	161.6
After traditional debt relief 2/																	
NPV of total debt 3/	566.4	634.6	691.0	743.3	781.0	815.3	852.7	890.6	927.7	965.6	1,006.6	1,052.9	1,270.4	1,584.7	712.5	909.8	1,306.7
NPV of old debt	566.4	566.3	561.5	551.9	538.0	521.8	506.7	493.7	480.1	465.4	450.6	437.5	380.3	295.8	554.4	486.4	369.6
Official bilateral and commercial	119.9	116.3	112.1	106.4	100.0	93.9	89.3	84.4	79.1	73.5	68.0	62.4	42.1	24.1	108.7	81.4	40.8
Paris Club	48.6	48.0	47.0	46.0	44.0	42.1	40.2	38.1	35.7	33.1	30.8	28.4	15.4	2.6	46.2	36.7	14.0
Post-cutoff date	11.7	11.3	10.9	10.5	9.6	8.7	7.7	6.7	5.6	4.6	4.1	3.6	1.9	0.0	10.6	6.2	1.7
Pre-cutoff date	37.0	36.6	36.1	35.5	34.4	33.4	32.5	31.4	30.1	28.5	26.8	24.7	13.5	2.6	35.6	30.4	12.3
Of which: ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other official bilateral	66.4	64.7	62.8	59.3	55.6	51.8	49.1	46.3	43.4	40.4	37.2	34.0	26.7	21.5	60.6	44.7	26.8
Post-cutoff date	63.1	61.3	59.1	55.4	51.5	47.4	44.4	41.3	38.1	34.7	31.1	27.5	18.3	11.2	56.8	39.5	18.3
Pre-cutoff date	3.2	3.4	3.6	3.9	4.1	4.4	4.7	5.0	5.3	5.7	6.1	6.5	8.4	10.3	3.8	5.2	8.5
Of which: ODA	3.0	3.2	3.5	3.7	3.9	4.2	4.5	4.8	5.2	5.5	5.9	6.3	8.3	10.2	3.6	5.0	8.4
Commercial	4.9	3.6	2.2	1.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	4.9	3.6	2.2	1.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0
Multilateral	446.6	450.0	449.4	445.5	438.1	427.8	417.4	409.4	401.0	391.9	382.5	375.1	338.2	271.7	445.7	405.0	328.8
IMF	59.9	59.9	55.7	49.1	39.9	28.6	17.8	10.7	5.4	1.9	0.0	0.0	0.0	0.0	51.2	10.7	0.0
IDA	226.5	230.5	234.8	238.9	242.2	245.0	247.1	248.2	248.0	245.7	242.2	238.2	216.2	168.6	236.6	246.0	208.7
AfDF	122.8	124.2	125.2	126.1	127.1	128.1	129.1	129.6	129.4	128.5	126.7	125.0	115.5	98.1	125.7	128.6	113.0
Other multilaterals	37.4	35.3	33.7	31.4	28.8	26.1	23.4	20.8	18.3	15.8	13.6	11.8	6.5	5.0	32.3	19.7	7.1
NPV of new debt	0.0	68.3	129.6	191.5	243.0	293.6	346.1	396.9	447.6	500.2	556.0	615.4	890.2	1,288.8	158.1	423.4	937.0
Memorandum items:																	
NPV of debt-to-exports ratio (percent) 1/	214.4	261.8	274.1	275.0	244.1	102.5	63.6	48.0	47.5	48.7	50.9	56.9	105.1	120.8	263.7	60.2	98.7
NPV of debt-to-revenue ratio (percent)	503.4	461.2	445.0	412.8	382.8	251.8	233.7	223.7	213.9	201.9	189.8	196.6	151.3	137.7	425.4	219.1	162.2
After enhanced HIPC assistance 4/																	
NPV of total debt 3/	587.3	627.9	530.5	595.0	643.4	687.2	733.5	780.9	828.5	878.7	934.0	995.4	1,249.8	1,569.7	599.2	807.1	1,280.2
NPV of old debt	587.3	559.6	400.9	403.5	400.4	393.6	387.4	384.0	380.9	378.6	378.0	380.0	359.7	280.8	441.1	383.8	343.2
Official bilateral and commercial	140.7	124.9	78.4	74.3	69.6	64.7	60.7	56.7	52.5	48.2	44.2	40.2	29.3	19.3	86.8	54.5	28.8
Paris Club	55.9	47.3	17.5	17.0	16.1	15.2	14.2	13.2	12.1	11.0	10.5	10.0	7.6	3.9	24.5	12.7	7.1
Other official bilateral	79.9	75.5	60.5	56.8	53.0	49.0	46.0	43.0	39.9	36.7	33.2	29.8	21.3	15.1	61.4	41.3	21.4
Commercial	5.0	2.2	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.9	0.5	0.4
Multilateral	446.6	434.7	322.5	329.2	330.8	329.0	326.8	327.3	328.4	330.3	333.8	339.7	330.3	261.6	354.3	329.3	314.4
NPV of new debt	0.0	68.3	129.6	191.5	243.0	293.6	346.1	396.9	447.6	500.2	556.0	615.4	890.2	1,288.8	158.1	423.4	937.0
Memorandum items:																	
Old Debt																	
NPV of debt-to-exports ratio (percent) 1/	222.3	230.8	159.0	149.3	125.1	49.5	28.9	20.7	19.5	19.1	19.1	20.5	29.8	21.4	166.1	26.1	25.5
NPV of debt-to-revenue ratio (percent)	521.9	406.7	258.2	224.1	196.2	121.6	106.2	96.5	87.8	79.1	71.3	71.0	42.8	24.4	271.3	93.7	45.1
Total Debt																	
NPV of debt-to-exports ratio (percent) 1/	222.3	259.0	210.4	220.1	201.1	86.4	54.7	42.1	42.4	44.3	47.2	53.8	103.4	119.7	222.7	52.9	96.9
NPV of debt-to-revenue ratio (percent)	521.9	456.4	341.6	330.4	315.3	212.3	201.0	196.1	191.0	183.7	176.1	185.9	148.9	136.4	360.9	193.4	158.3
Beyond enhanced HIPC 5/																	
NPV of debt-to-exports ratio (percent) 1/	209.0	248.7	207.9	218.5	199.2	85.7	54.3	41.7	42.1	44.0	46.9	53.5	103.0	119.5	218.6	52.5	96.6
NPV of debt-to-revenue ratio (percent)	490.8	438.2	337.4	327.9	312.4	210.4	199.4	194.7	189.6	182.5	175.0	184.8	148.3	136.1	354.0	191.9	157.6
After unconditional delivery of enhanced HIPC assistance 6/																	
NPV of total debt 2/	396.3	466.9	530.5	595.0	643.4	687.2	733.5	780.9	828.5	878.7	934.0	995.4	1,249.8	1,569.7	558.9	807.1	1,280.2
NPV of old debt	396.3	398.6	400.9	403.5	400.4	393.6	387.4	384.0	380.9	378.6	378.0	380.0	359.7	280.8	400.9	383.8	343.2
Official bilateral and commercial	83.9	81.1	78.4	74.3	69.6	64.7	60.7	56.7	52.5	48.2	44.2	40.2	29.3	19.3	75.9	54.5	28.8
Paris Club	34.0	25.7	17.5	17.0	16.1	15.2	14.2	13.2	12.1	11.0	10.5	10.0	7.6	3.9	19.1	12.7	7.1
Other official bilateral	46.4	53.5	60.5	56.8	53.0	49.0	46.0	43.0	39.9	36.7	33.2	29.8	21.3	15.1	55.9	41.3	21.4
Commercial	3.4	2.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.8	0.5	0.4
Multilateral	312.4	317.5	322.5	329.2	330.8	329.0	326.8	327.3	328.4	330.3	333.8	339.7	330.3	261.6	325.0	329.3	314.4
NPV of new debt	0.0	68.3	129.6	191.5	243.0	293.6	346.1	396.9	447.6	500.2	556.0	615.4	890.2	1,288.8	158.1	423.4	937.0
Memorandum items:																	
Old Debt																	
NPV of debt-to-exports ratio (percent) 1/	150.0	164.4	159.0	149.3	125.1	49.5	28.9	20.7	19.5	19.1	19.1	20.5	29.8	21.4	149.5	26.1	25.5
NPV of debt-to-revenue ratio (percent)	352.2	289.7	258.2	224.1	196.2	121.6	106.2	96.5	87.8	79.1	71.3	71.0	42.8	24.4	242.0	93.7	45.1
Total Debt																	
NPV of debt-to-exports ratio (percent) 1/	150.0	192.6	210.4	220.1	201.1	86.4	54.7	42.1	42.4	44.3	47.2	53.8	103.4	119.7	206.1	52.9	96.9
NPV of debt-to-revenue ratio (percent)	352.2	339.3	341.6	330.4	315.3	212.3	201.0	196.1	191.0	183.7	176.1	185.9	148.9	136.4	331.7	193.4	158.3
Beyond Enhanced HIPC 5/																	
NPV of debt-to-exports ratio (percent) 1/	143.1	186.9	205.9	217.9	200.4	85.7	54.5	41.7	42.3	44.0	47.1	53.5	103.0	119.5	202.8	52.6	96.6
NPV of debt-to-revenue ratio (percent)	335.9	329.3	334.2	327.1	314.3	210.4	200.2	194.7	190.3	182.5	175.7	184.8	148.3	136.1	326.2	192.3	157.7
Exports of goods and services 7/	233.1	252.6	270.6	287.8	401.5	1,696.4	1,921.4	1,953.0	1,986.8	2,008.5	1,939.0	1,605.1	1,189.1	1,356.4	303.1	1,917.5	1,303.1
Three-year export average 8/	264.2	254.2	252.1	270.3	320.0	795.3	1,339.8	1,856.9	1,953.7	1,982.8	1,978.1	1,850.8	1,208.8	1,311.4	271.2	1,651.1	1,365.2
Central government revenue 9/	112.5	137.6	155.3	180.1	204.0	323.7	365.0	398.1	433.8	478.3	530.3	535.5	839.4	1,150.8	169.3	421.5	834.5

Table 8. Chad: External Debt Indicators and Sensitivity Analysis, 2000–20 1/

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average		
																						2001-04	2005-10	2011-20
Baseline scenario																								
(In millions of U.S. dollars)																								
Nominal debt stock after traditional debt-relief mechanisms	1,059.6	1,232.6	1,377.4	1,518.8	1,623.2	1,715.3	1,808.7	1,901.2	1,992.3	2,084.5	2,180.4	2,282.1	2,389.5	2,499.7	2,611.2	2,725.3	2,840.5	2,956.6	3,078.0	3,201.8	3,328.8	1,438.0	1,947.1	2,791.3
Multilateral	892.5	877.7	858.5	835.8	809.7	780.9	752.4	726.6	700.8	674.4	648.2	624.1	600.0	574.9	549.1	523.2	496.7	469.6	441.9	414.1	385.9	845.4	713.9	508.0
Official bilateral	161.9	157.3	152.1	145.3	137.8	130.2	123.8	117.2	110.3	103.3	96.4	89.5	83.5	77.2	70.5	64.5	58.1	50.9	47.1	43.4	40.4	148.1	113.5	62.5
Of which: Paris Club	48.1	47.4	46.4	45.4	43.7	41.8	40.0	37.9	35.7	33.2	31.1	28.8	26.2	23.2	19.9	16.1	11.8	7.0	5.5	3.8	3.0	45.7	36.6	14.5
Of which: post-cutoff date	14.4	13.8	13.1	12.4	11.2	10.0	8.8	7.6	6.3	5.2	4.6	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	0.0	12.6	7.1	1.8
Commercial	5.2	3.8	2.3	1.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0
New debt	0.0	193.9	364.5	536.6	675.2	804.1	932.5	1,057.5	1,181.1	1,306.8	1,435.8	1,568.4	1,706.1	1,847.6	1,991.6	2,137.5	2,285.6	2,436.0	2,588.9	2,744.4	2,902.5	442.6	1,119.6	2,220.9
Nominal debt before traditional debt relief (including new debt)	1,066.6	1,234.8	1,375.2	1,513.7	1,616.4	1,707.0	1,798.4	1,889.1	1,978.2	2,068.6	2,162.6	2,262.5	2,368.1	2,476.5	2,588.1	2,702.5	2,817.8	2,934.5	3,056.5	3,181.1	3,308.9	1,435.0	1,934.0	2,769.7
NPV of debt after traditional debt relief (including new debt)	566.4	634.6	691.0	743.3	781.0	815.3	852.7	890.6	927.7	965.6	1,006.6	1,052.9	1,104.5	1,158.4	1,213.2	1,270.4	1,328.5	1,387.2	1,450.8	1,516.3	1,584.7	712.5	909.8	1,306.7
Multilateral	446.6	450.0	449.4	445.5	438.1	427.8	417.4	409.4	401.0	391.9	382.5	375.1	367.3	358.5	348.5	338.2	326.8	314.5	301.0	286.8	271.7	445.7	405.0	328.8
Official bilateral	115.0	112.7	109.8	105.3	99.6	93.9	89.3	84.3	79.1	73.5	68.0	62.4	57.6	52.5	46.9	42.1	36.9	31.0	28.4	25.9	24.1	106.8	81.4	40.8
Of which: Paris Club	48.6	48.0	47.0	46.0	44.0	42.1	40.2	38.1	35.7	33.1	30.8	28.4	25.6	22.6	19.1	15.4	11.2	6.5	5.1	3.4	2.6	46.2	36.7	14.0
Of which: post-cutoff date	11.7	11.3	10.9	10.5	9.6	8.7	7.7	6.7	5.6	4.6	4.1	3.6	3.2	2.8	2.3	1.9	1.4	1.0	0.5	0.0	0.0	10.6	6.2	1.7
Commercial	4.9	3.6	2.2	1.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0
New debt	0.0	68.3	129.6	191.5	243.0	293.6	346.1	396.9	447.6	500.2	556.0	615.4	679.5	747.4	817.8	890.2	964.7	1,041.7	1,121.3	1,203.6	1,288.8	158.1	423.4	937.0
NPV of debt before traditional debt relief (including new debt)	587.3	651.5	704.4	754.6	791.4	824.7	860.7	897.1	932.6	968.8	1,008.0	1,052.4	1,102.0	1,153.7	1,208.2	1,265.1	1,322.7	1,381.4	1,444.9	1,510.4	1,578.8	725.5	915.3	1,301.9
(In percent of exports of goods and non factor services) 2/																								
NPV of debt after traditional debt-relief mechanisms	214.4	261.8	274.1	275.0	244.1	102.5	63.6	48.0	47.5	48.7	50.9	56.9	66.7	81.5	94.2	105.1	110.6	114.7	117.4	119.4	120.8	263.7	60.2	98.7
Of which: multilateral	169.0	213.8	229.7	235.6	212.9	90.7	57.0	43.4	43.4	45.0	47.4	53.5	63.2	77.9	90.6	101.6	107.6	112.1	115.1	117.3	119.0	223.0	54.5	95.8
Debt service after traditional debt-relief mechanisms	...	13.8	15.0	16.1	12.7	3.2	2.7	2.8	2.9	3.0	3.1	3.7	4.1	4.9	5.3	5.6	5.9	6.1	6.0	6.1	6.1	14.4	3.0	5.4
Of which: multilateral	...	9.3	10.7	11.6	9.4	2.4	2.2	2.2	2.4	2.5	2.6	3.1	3.5	4.2	4.6	4.9	5.2	5.4	5.6	5.7	5.8	10.2	2.4	4.8
NPV of debt after enhanced HIPC relief	222.3	259.0	210.4	220.1	201.1	86.4	54.7	42.1	42.4	44.3	47.2	53.8	63.8	78.9	92.3	103.4	109.2	113.5	116.3	118.2	119.7	222.7	52.9	96.9
Of which: multilateral	169.0	179.3	127.9	121.8	103.4	41.4	24.4	17.6	16.8	16.7	16.9	18.4	20.5	23.9	26.3	27.3	26.5	25.3	23.6	21.8	19.9	133.1	22.3	23.4
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	192.6	210.4	220.1	201.1	86.4	54.7	42.1	42.4	44.3	47.2	53.8	63.8	78.9	92.3	103.4	109.2	113.5	116.3	118.2	119.7	206.1	52.9	96.9
Debt service after enhanced HIPC relief	...	8.9	9.2	8.6	7.9	2.1	1.9	1.9	2.1	2.1	2.1	2.5	3.1	3.8	4.1	5.1	5.5	5.8	5.9	6.0	6.0	8.6	2.0	4.8
(In percent)																								
NPV of debt-to-revenue ratio before traditional debt relief 4/	521.9	473.5	453.6	419.0	387.9	254.7	235.8	225.3	215.0	202.5	190.1	196.5	196.1	195.4	161.8	150.7	148.6	145.9	144.5	139.5	137.2	433.5	220.6	161.6
NPV of debt-to-revenue ratio after traditional debt relief 4/	503.4	461.2	445.0	412.8	382.8	251.8	233.7	223.7	213.9	201.9	189.8	196.6	196.5	196.2	162.5	151.3	149.2	146.5	145.0	140.1	137.7	425.4	219.1	162.2
NPV of debt-to-revenue after (unconditional) enhanced HIPC relief 3/ 4/	352.2	339.3	341.6	330.4	315.3	212.3	201.0	196.1	191.0	183.7	176.1	185.9	188.0	189.9	159.1	148.9	147.2	144.9	143.6	138.7	136.4	331.7	193.4	158.3
NPV of debt-to-GDP ratio before traditional debt relief	41.8	39.9	38.2	37.7	38.8	25.6	24.8	24.5	24.1	23.8	23.9	25.4	26.1	26.8	26.5	26.2	25.7	25.1	24.4	23.7	23.0	38.7	24.4	25.3
NPV of debt-to-GDP ratio after traditional debt relief	40.3	38.9	37.5	37.1	38.3	25.3	24.5	24.3	24.0	23.7	23.8	25.4	26.1	26.9	26.6	26.4	25.8	25.2	24.5	23.8	23.1	38.0	24.3	25.4
NPV of debt-to-GDP ratio after (unconditional) enhanced HIPC relief 3/	28.2	28.6	28.8	29.7	31.6	21.3	21.1	21.3	21.4	21.5	22.1	24.0	25.0	26.1	26.1	25.9	25.5	24.9	24.3	23.6	22.9	29.7	21.5	24.8
Grant element in total debt	46.5	48.5	49.8	51.1	51.9	52.5	52.9	53.2	53.4	53.7	53.8	53.9	53.8	53.7	53.5	53.4	53.2	53.1	52.9	52.6	52.4	50.3	53.2	53.2
Grant element in new debt	...	64.8	64.5	64.3	64.0	63.5	62.9	62.5	62.1	61.7	61.3	60.8	60.2	59.5	58.9	58.4	57.8	57.2	56.7	56.1	55.6	64.4	62.3	58.1
Alternative scenario-lower oil exports prices without policy response 5/																								
(In millions of U.S. dollars)																								
NPV of debt after traditional debt-relief mechanisms	566.4	629.3	681.1	728.7	762.9	794.7	830.3	866.8	903.3	941.0	982.4	1,029.2	1,079.3	1,130.0	1,179.8	1,230.4	1,280.1	1,328.9	1,380.7	1,432.6	1,485.2	700.5	886.4	1,255.6
(In percent of exports of goods and non factor services) 2/																								
NPV of debt after traditional debt relief	214.4	259.6	270.2	269.6	246.0	127.6	86.8	68.2	68.8	70.4	73.5	81.5	93.7	110.9	123.6	133.9	138.4	142.3	145.0	146.8	147.5	261.3	82.5	126.4
Debt service after traditional debt relief	...	13.8	15.0	16.1	13.7	4.4	4.1	4.1	4.3	4.5	4.6	5.3	5.9	7.1	7.7	8.2	8.7	9.2	9.2	9.4	9.6	14.7	4.3	8.0
NPV of debt after enhanced HIPC relief 3/	222.3	256.8	206.5	214.7	202.9	111.5	77.9	62.3	63.7	66.0	69.8	78.4	90.8	108.3	121.6	132.1	136.9	141.1	143.8	145.7	26.6	220.2	75.2	112.5
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	190.4	206.5	214.7	202.9	111.5	77.9	62.3	63.7	66.0	69.8	78.4	90.8	108.3	121.6	132.1	136.9	141.1	143.8	145.7	26.6	203.6	75.2	112.5
Debt service after enhanced HIPC relief	...	8.9	9.2	8.6	8.9	3.4	3.2	3.3	3.5	3.6	3.6	4.1	5.0	6.0	6.5	7.7	8.3	8.9	9.1	9.4	9.5	8.9	3.4	7.4
(In percent)																								
NPV of debt-to-revenue ratio 4/	503.4	457.3	438.6	404.7	373.9	245.5	227.5	217.7	208.2	196.7	185.3	192.2	192.1	191.4	158.0	146.6	143.8	140.3	138.0	132.3	129.1	418.6	213.5	156.4
NPV of debt-to-GDP ratio	40.3	38.6	36.9	36.4	37.4	24.7	23.9	23.6	23.3	23.1	23.3	24.8	25.5	26.3	25.9	25.5	24.9	24.1	23.3	22.5	21.6	37.3	23.6	24.5
Grant element in new debt	...	67.5	67.2	67.0	66.7	66.1	65.5	65.0	64.5	64.0	63.5	62.8	62.1	61.5	60.9	60.3	59.8	59.3	58.9	58.5	58.1	67.1	64.8	60.2
Alternative scenario - lower oil export prices with policy response 5/																								
(In millions of U.S. dollars)																								
NPV of debt after traditional debt-relief mechanisms	566.4	624.8	672.2	715.0	744.6	771.3	800.9	830.6	859.2	887.9	919.0	954.1	993.4	1,034.0	1,074.2	1,115.7	1,156.7	1,197.0	1,240.8	1,285.0	1,330.5	689.1	844.8	1,138.1
(In percent of exports of goods and non factor services) 2/																								
NPV of debt after traditional debt relief	214.4	257.7	266.7	264.5	240.0	123.8	83.7	65.4	65.4	66.4	68.7	75.6	86.3	101.4	112.5	121.4	125.1	128.2	130.3	131.7	132.1	257.2	78.9	114.4
Debt service after traditional debt relief	...	13.8	15.0	16.1	13.7	4.4	4.1	4.1	4.3	4.5	4.6	5.3	5.6	6.5	6.9	7.2	7.5	7.8	7.6	7.7	7.7	14.7	4.3	7.0
NPV of debt after enhanced HIPC relief	222.3	255.0	203.0	209.6	197.0	107.7	74.8	59.5	60.3	62.0	65.0	72.5	83.4	98.8	110.6	119.7	123.6	127.0	129.1	130.5	11.3	216.1	71.6	100.6
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	188.6	203.0	209.6	197.0	107.7	74.8	59.5	60.3	62.0	65.0	72.5	83.4	98.8	110.6	119.7	123.6	127.0	129.1	130.5	11.3	199.5	71.6	100.6
Debt service after enhanced HIPC relief	...	8.9	9.2	8.6	8.9	3.4	3.2	3.3	3.5	3.5	3.5	4.1	4.7	5.4	5.7	6.7	7.1	7.5	7.6	7.6	7.7	8.9	3.4	6.4
(In percent)																								
NPV of debt																								

Table 9. Chad: Debt-service Payments on Public and Publicly Guaranteed External Debt, 2001-20
(in millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2015	2017	2020	Average		
															2001-04	2005-10	2011-20
Before debt relief																	
Debt service on outstanding debt 1/	40	45	49	52	55	54	56	60	62	62	61	66	75	81	47	58	69
Principal	26	30	34	36	38	37	34	35	35	35	33	32	34	30	31	36	32
Interest	13	12	12	11	11	10	10	9	9	8	8	6	5	4	12	10	6
New borrowing	1	3	4	5	6	7	12	16	18	19	20	29	36	48	3	13	32
After traditional debt-relief mechanisms 2/																	
Principal	21	26	31	34	37	35	37	40	42	41	39	44	52	57	28	38	47
Multilateral	15	19	23	26	29	29	26	26	26	26	24	26	27	28	21	27	26
IMF	3	8	10	12	14	12	8	6	4	2	0	0	0	0	8	8	0
IDA	6	6	7	8	9	9	11	12	14	15	16	18	19	20	7	12	18
AfDF	2	3	3	3	3	3	4	4	5	6	6	7	7	8	3	4	7
Others	3	3	4	4	4	4	3	3	3	3	2	1	0	0	3	3	1
Official bilateral	5	5	7	7	8	6	7	7	7	7	7	6	7	3	6	7	6
Paris Club	1	1	1	2	2	2	2	2	2	2	2	4	5	1	1	2	3
Post-cutoff date	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	0
Of which: ODA	1	1	1	1	1	1	1	1	1	1	0	0	0	0	1	1	0
Pre-cutoff date	0	0	0	1	1	1	1	1	1	2	2	3	4	1	0	1	2
ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-ODA	0	0	0	1	1	1	1	1	1	2	2	3	4	1	0	1	2
Other official bilateral	4	4	6	6	6	5	5	5	5	5	5	2	2	2	5	5	3
Post-cutoff date	4	4	6	6	6	5	5	5	5	5	5	2	2	2	5	5	3
Pre-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which: ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	0	0
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	0	0	0	0	0	0	4	7	8	8	8	13	18	26	0	5	15
Interest	14	15	16	17	17	17	18	18	19	19	20	22	23	26	15	18	23
Multilateral	7	7	7	7	6	6	6	6	5	5	5	4	4	3	7	6	4
IMF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IDA	4	4	4	4	4	4	3	3	3	3	3	3	2	2	4	3	3
AfDF	2	2	2	2	2	2	2	2	2	2	2	1	1	1	2	2	1
Others	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	0
Official bilateral	5	5	5	5	5	4	4	4	4	3	3	2	1	1	5	4	2
Paris Club	3	3	3	3	3	3	3	2	2	2	2	1	1	0	3	3	1
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which: ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-cutoff date	3	3	3	3	2	2	2	2	2	2	2	1	1	0	3	2	1
ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-ODA	3	3	3	3	2	2	2	2	2	2	2	1	1	0	3	2	1
Other official bilateral	2	2	2	2	2	2	2	1	1	1	1	1	1	0	2	1	1
Post-cutoff date	2	2	2	2	2	2	2	1	1	1	1	1	1	0	2	1	1
Pre-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which: ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	1	3	4	5	6	7	8	9	10	11	12	16	18	22	3	8	17
After enhanced HIPC assistance 3/																	
Principal	14	16	16	22	25	24	25	28	28	27	24	39	48	56	17	26	40
Multilateral	9	11	9	15	18	18	15	15	14	13	11	24	27	28	11	16	22
Official bilateral	5	5	6	7	7	6	6	6	6	5	5	3	3	2	6	6	3
Of which: Paris Club	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Commercial	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	0	0	0	0	0	0	4	7	8	8	8	13	18	26	0	5	15
Interest	9	9	9	10	11	12	13	13	14	15	16	21	23	26	9	13	21
Multilateral	4	3	2	2	2	2	2	2	2	2	2	4	4	3	3	2	3
Official bilateral	3	3	3	3	3	2	2	2	2	2	2	1	1	1	3	2	1
Of which: Paris Club	1	1	1	1	1	1	1	1	1	1	1	0	0	0	1	1	0
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	1	3	4	5	6	7	8	9	10	11	12	16	18	22	3	8	17
Memorandum items:																	
Exports	253	271	288	402	1,696	1,921	1,953	1,987	2,008	1,939	1,605	1,189	1,234	1,356	303	1,918	1,303
Debt-service ratio before debt relief 4/	16	17	17	13	3	3	3	3	3	3	4	6	6	6	16	3	5
Debt-service ratio after traditional mechanisms 4/	14	15	16	13	3	3	3	3	3	3	4	6	6	6	14	3	5
Debt-service ratio after HIPC relief 4/	9	9	9	8	2	2	2	2	2	2	2	5	6	6	9	2	5
Debt-service ratio beyond enhanced HIPC 4/ 5/	9	9	8	8	2	2	2	2	2	2	2	5	6	6	8	2	5

Source: Chadian authorities; and staff estimates and projections.

1/ Before Russian up-front discount.

2/ A stock-of-debt operation under Naples terms is simulated at end-December 2000.

3/ Completion point is assumed to be reached in December 2002.

4/ In percent of exports of good and non factor services.

5/ Reflects assistance beyond enhanced HIPC from some Paris Club creditors on a bilateral basis.

Table 10. Chad: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative, 2001-10 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(Based on the U.S. dollar-SDR exchange rate as of April 26, 2001)										
Delivery schedule of IMF assistance (in percent of total assistance)	10.0	15.0	25.0	20.0	15.0	10.0	5.0	--	--	--
Debt Service due on IMF obligations 2/	2.7	8.2	10.2	12.3	13.9	12.7	8.4	6.3	4.2	2.5
Principal	2.1	7.4	9.5	11.6	13.3	12.1	7.9	5.8	3.7	2.0
Interest	0.6	0.8	0.8	0.7	0.7	0.6	0.5	0.5	0.5	0.5
IMF assistance-deposits into Chad's account										
Interim assistance 3/	3.6	0.9								
Completion point assistance	...	13.5	4/							
IMF assistance-drawdown schedule 5/	1.8	3.2	5.0	4.7	3.1	2.0	1.0	0.0	0.0	...
IMF assistance without interest	1.8	2.7	4.5	3.6	2.7	1.8	0.9	...	...	...
Estimated interest earnings	...	0.5	0.5	1.1	0.4	0.2	0.1	0.0	0.0	...
Debt service due on current IMF obligations after IMF assistance 5/	0.9	5.0	5.2	7.6	10.8	10.7	7.4	6.3	4.2	2.5
Share of debt service due on IMF obligations covered by IMF assistance (in percent) 5/	66.4	39.1	49.0	37.9	22.2	15.9	12.0	0.0	0.0	...
Proportion (in percent) of each repayment falling due during the period to be paid by IMF Initiative assistance from the principal deposited in Chad's account	85.7	36.7	47.6	31.1	20.3	14.9	11.4	...	...	...
Memorandum items:										
(Based on debt service data and exchange rates as of end-2000)										
Total debt service due 6/ 7/	33.5	38.4	42.9	46.5	48.1	45.5	42.4	42.2	42.5	41.8
Debt service due on IMF obligations 7/	3.6	7.9	10.0	12.1	13.8	12.5	8.2	6.0	3.8	2.0
Debt service due on current IMF obligations after IMF assistance 5/ (in percent of exports)	1.8 0.7	4.7 1.7	5.0 1.7	7.4 1.8	10.7 0.6	10.5 0.5	7.2 0.3	6.0 0.3	3.8 0.2	2.0 0.1
Share of total debt service covered by IMF assistance (in percent) 5/	5.4	8.3	11.7	10.0	6.4	4.5	2.4	0.0	0.0	...

Sources: Chad authorities; and Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is US\$ 18.0 million, calculated on the basis of data available at the decision point, excluding interest earned on Chad's account and on committed but undisbursed amounts as described in footnotes 4 and 5.

2/ Forthcoming obligations estimated based on rates and principal schedules in effect as of end-March 2001. Interest obligations include net SDR charges and assessments. Data for 2001 are from mid-May onward.

3/ The first delivery of interim assistance will be deposited into Chad's account at the expected decision point in mid-May 2001 to cover obligations falling due to the Fund in the next twelve month period.

4/ Remaining amount of assistance assumed to be disbursed into Chad's account at the completion point in December 2002, which is reflected in the calculation of interest.

5/ Includes estimated interest earnings on (1) amounts held in Chad's account; and (2), up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

6/ After traditional debt-relief mechanisms.

7/ Excludes charges in the SDR Department of the IMF.

Table 11. Chad: Possible Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2001-15 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Averages		
																2001-04	2005-10	2011-15
Debt service before HIPC assistance	10.0	10.0	10.4	11.4	12.2	13.0	14.2	15.5	17.6	18.6	18.9	18.7	19.2	20.2	20.8	10.4	15.2	19.6
Principal	6.2	6.2	6.7	7.7	8.5	9.4	10.7	12.1	14.3	15.4	15.8	15.8	16.4	17.4	18.2	6.7	11.7	16.7
Interest	3.8	3.8	3.7	3.7	3.6	3.6	3.5	3.4	3.3	3.2	3.1	3.0	2.9	2.7	2.6	3.8	3.4	2.9
Debt service after HIPC assistance	6.6	5.0	5.2	5.7	6.1	6.5	7.1	7.7	8.8	9.3	9.4	9.4	9.6	10.1	17.5	5.6	7.6	11.2
Principal	4.0	3.1	3.3	3.9	4.3	4.7	5.3	6.0	7.1	7.7	7.9	7.9	8.2	8.7	15.4	3.6	5.9	9.6
Interest	2.6	1.9	1.9	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.5	1.5	1.4	1.4	2.1	2.0	1.7	1.6
Savings on debt service to IDA	3.4	4.9	5.2	5.7	6.1	6.5	7.1	7.7	8.8	9.3	9.4	9.4	9.6	10.1	3.3	4.8	7.6	8.4
Principal	2.2	3.0	3.3	3.9	4.3	4.7	5.4	6.0	7.1	7.7	7.9	7.9	8.2	8.7	2.9	3.1	5.9	7.1
Interest	1.3	1.9	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.6	1.5	1.5	1.4	1.4	0.5	1.7	1.7	1.3
Savings as percent of debt service to IDA	34	49	50	50	50	50	50	50	50	50	50	50	50	50	16	46.0	50.1	43.2

Source: IDA staff estimates and projections.

1/ Enhanced HIPC Initiative assistance proposed to be delivered over about 14 years through a 50 percent relief on the debt service falling due to IDA on credits outstanding at end-2000.

Table 12. Chad: Possible Delivery of AfDF Assistance Under the Enhanced HIPC Initiative, 2001-11 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt service before HIPC assistance	4.0	4.5	4.6	4.6	4.7	4.7	5.4	6.1	6.9	7.6	7.6
Principal	2.1	2.6	2.8	2.8	2.9	3.0	3.6	4.4	5.2	6.0	6.0
Interest	1.9	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.6
Debt service after HIPC assistance	0.3	0.8	0.8	0.8	0.8	0.9	1.0	1.1	1.2	1.4	1.4
Principal	0.2	0.5	0.5	0.5	0.5	0.5	0.7	0.8	0.9	1.1	1.1
Interest	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Savings on debt service to AfDF	3.7	3.7	3.8	3.8	3.8	3.9	4.4	5.0	5.6	6.3	6.2
Principal	1.9	2.1	2.3	2.3	2.4	2.4	3.0	3.6	4.3	4.9	4.9
Interest	1.7	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3
Savings as percent of debt service to AfDF	93	82	82	82	82	82	82	82	82	82	82

Source: Staff estimates and projections.

1/ Enhanced HIPC assistance proposed to be delivered over about 11 years through an 82 percent relief on the debt service falling due to AfDF on credits outstanding at end-2000.

Table 13. Chad: Consolidated Government Operations, 2000-03 1/

	2000	2001	2002	2003	2000	2001	2002	2003
	Est.	Rev. Prog.	Rev. Prog.	Proj.	Est.	Rev. Prog.	Rev. Prog.	Proj.
	(In percent of GDP)				(In percent of non-oil GDP)			
Total revenue and grants	12.8	16.6	13.9	14.2	12.8	17.5	15.7	16.8
Total revenue	8.0	8.4	8.7	9.1	8.0	8.9	9.8	10.8
Tax revenue	6.8	7.2	7.7	8.2	6.8	7.6	8.7	9.7
Nontax revenue	1.2	1.3	1.0	0.9	1.2	1.3	1.1	1.1
Total grants	4.8	8.1	5.3	5.1	4.8	8.6	6.0	6.0
<i>of which:</i> HIPC Initiative assistance	0.0	0.6	0.6	0.9	0.0	0.6	0.7	1.1
Total expenditure	20.3	29.2	23.7	22.1	20.3	30.8	26.8	26.3
Current expenditure	10.0	10.7	9.3	8.9	10.0	11.3	10.4	10.6
Current primary expenditure	8.9	9.8	8.3	8.2	8.9	10.3	9.4	9.7
Baseline 2/	8.8	8.2	7.9	7.8	8.8	8.7	8.9	9.2
Exceptional	0.2	1.0	0.1	0.0	0.2	1.1	0.1	0.0
Poverty Fund financed 3/	0.0	0.5	0.3	0.4	0.0	0.5	0.4	0.5
Current primary balance								
Underlying position 2/	-0.8	0.2	0.8	1.3	-0.8	0.2	0.9	1.6
Total	-0.9	-1.3	0.3	0.9	-0.9	-1.4	0.4	1.1
Total investment expenditure	10.3	18.5	14.5	13.2	10.3	19.5	16.3	15.7
Baseline	10.3	17.7	14.0	12.5	10.3	18.7	15.8	14.9
Domestically financed	1.1	1.3	1.0	0.9	1.1	1.4	1.2	1.1
Foreign financed	9.2	16.4	12.9	11.6	9.2	17.3	14.6	13.8
Poverty Fund financed 3/	0.0	0.8	0.5	0.7	0.0	0.8	0.6	0.8
Overall balance (commitment basis, excluding	-12.3	-20.8	-15.1	-13.1	-12.3	-21.9	-17.0	-15.5
Overall balance (cash basis, including grants)	-7.6	-13.4	-10.1	-8.3	-7.6	-14.1	-11.4	-9.8
Total financing	7.6	12.7	9.7	7.1	7.6	13.4	10.9	8.5
External financing (net)	3.3	7.3	7.1	6.3	3.3	7.7	8.0	7.5
Domestic financing (net)	2.6	0.5	-0.4	-0.2	2.6	0.6	-0.4	-0.3
Expected additional financing	1.7	3.6	2.3	0.7	1.7	3.8	2.5	0.9
World Bank	0.0	1.5	0.8	0.7	0.0	1.6	0.9	0.9
European Union	0.7	1.3	0.9	0.0	0.7	1.3	1.0	0.0
African Development Bank	0.0	0.3	0.3	0.0	0.0	0.4	0.3	0.0
Bilateral donors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HIPC Initiative exceptional financing	0.0	0.2	0.2	0.0	0.0	0.2	0.3	0.0
Other	1.0	0.3	0.0	0.0	1.0	0.3	0.0	0.0
Fund disbursement 4/	0.0	1.3	0.7	0.3	0.0	1.4	0.8	0.4
Financing gap 5/	0.0	0.7	0.4	1.1	0.0	0.7	0.5	1.3
<i>Of which:</i> traditional debt relief	0.0	0.3	0.2	0.1	0.0	0.3	0.3	0.2
(In billions of CFA francs, unless otherwise indicated)								
Memorandum items:								
Total HIPC assistance (percent of GDP)	0.0	0.8	0.9	1.1	...	...	...	...
Total HIPC assistance	0.0	8.7	11.1	15.6	...	...	...	...
Total GDP	1,002.4	1,138.4	1,300.3	1,460.0	...	...	...	...
Non oil GDP	...	...	...	...	1,002.4	1,078.5	1,152.9	1,230.0

Sources: Chadian authorities; and staff estimates and projections.

1/ Excluding accounting of public contract taxation.

2/ Current primary expenditure excluding exceptional expenditure (summits, famine, and elections) and expenditures financed by the Poverty Fund resources.

3/ Including, in 2001, the remainder of the oil bonus.

4/ Including, in 2001, a 10 percent increase to quota access to address balance of payment needs related to famine.

5/ Includes priority spending financed by HIPC Initiative resources and, in addition in 2001, by the remainder of the oil bon

Table 14. HIPC Initiative: Status of Country Cases Considered Under the Initiative, May 2, 2001

Country	Decision Point	Completion Point	Target NPV of Debt-to:-		Assistance Levels 1/					Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt-Service Relief (In millions of U.S. dollars)
			Gov. revenue	Export	(In millions of U.S. dollars, present value)						
					Total	Bilateral	Multi-lateral	IMF	World Bank		
Completion point reached under enhanced framework											
Uganda					1,003	183	820	160	517		1,950
Original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20	650
Enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Benin	Jul. 00	Floating	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
Original framework	Sep. 97	Sep. 98	225		448	157	291	29	53	14	760
Enhanced framework	Feb. 00	Floating	150		854	268	585	55	141	30	1,300
Burkina Faso					398	56	342	42	162		700
Original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27	400
Enhanced framework	Jul. 00	Floating	150		169	24	146	20	71	27	300
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	74	68		1,030
Original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24	440
Enhanced framework	Nov. 00	Floating	150	250	329	129	200	40	41	40	590
Honduras	Jun. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Mali					523	162	361	58	182		870
Original framework	Sep. 98	Sep. 00	200		121	37	84	14	44	9	220
Enhanced framework	Sep. 00	Floating	150		401	124	277	44	138	28	650
Mauritania	Feb. 00	Floating	137	250	622	261	361	47	100	50	1,100
Mozambique					1,970	1,235	736	140	434		4,300
Original framework	Apr. 98	Jun. 99	200		1,716	1,076	641	125	381	63	3,700
Enhanced framework	Apr. 00	Floating	150		254	159	95	16	53	9	600
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tome and Principe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Tanzania	Apr. 00	Floating	150		2,026	1,006	1,020	120	695	54	3,000
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,820
Decision point reached under original framework											
Côte d'Ivoire	Mar. 98	Mar. 01	141	280	345	163	182	23	91	6 3/	800
Total assistance provided/committed					20,663	9,744	10,821	1,737 4/	4,883		34,420
Preliminary HIPC document issued 5/											
Chad	...	...	150		157	34	123	15	65	27	250
Ethiopia	...	...	150		1,028	378	649	37	396	42	1,650

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio.

4/ Equivalent to SDR 1,338 million at an SDR-U.S. dollar exchange rate of 0.7705.

5/ Figures are based on preliminary assessments at the time of the issuance of the preliminary HIPC document; and are subject to change.

ANNEX 1. DEBT-MANAGEMENT ISSUES

The debt sustainability analysis reported in this HIPC Initiative decision point document was prepared on the basis of a loan-by-loan reconciliation of Chad's medium- and long-term public and publicly guaranteed external debt using the creditor-provided debt data, as well as Chad's debt database.

External debt management is the responsibility of the Direction de la Dette at the Ministry of Finance and is maintained using a computerized debt-management system developed in-house with bilateral assistance. The office has also benefited from some training and technical assistance provided by donors. Debt-rescheduling scenarios are carried out by using the DebtPro software. The main limitations of the current database are that it does not (i) record historical information on a loan-by-loan basis; (ii) provide a full range of reports for use in debt-management and, more specifically, debt-servicing functions; (iii) create projections of future disbursements for existing loans; (iv) provide tools for conducting analyses on external debt issues; and (v) calculate the present value of loans.

The authorities would like to acquire a database such as the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) or the Debt Management and Financial Analysis System (DMFAS) operated by the United Nations Conference on Trade and Development (UNCTAD). During the past year, the authorities have entered into discussions with both Comsec and UNCTAD and hope to conclude arrangements to install a new debt database in the near future. This would enable Chad to benefit from periodic upgrades, as well as from standardized training.

Staff recommendations : Measures necessary to improve debt management in Chad include: (i) the upgrading of the computer system used for debt management; and (ii) additional training of staff in debt management techniques, including techniques of debt analysis.