Chad: Poverty Reduction Strategy Paper

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Poverty Reduction and Growth Strategy Paper:
NPRS2: 2008-2011

April 2008
PREFACE

When it adopted its National Poverty Reduction Strategy (NPRS) in June 2003, the Government of the Republic of Chad undertook to meet four major challenges: (i) extreme poverty, which kept the country near the bottom of the human development index; (ii) its limited capacity to respond to poverty; (iii) structural constraints thwarting the population’s basic aspirations for sustainable human development; and (iv) attainment of the completion point under the Heavily Indebted Poor Countries Initiative (HIPC Initiative). The NPRS also set out Chad’s commitment to achieving the eight Millennium Development Goals (MDGs) by 2015.

The steady economic, political, and physical deterioration of the country despite the advent of the petroleum era, the downward trend in the rate of growth of official development assistance (ODA) and foreign direct investment (FDI), and the difficulties resulting from the conditionalities for achieving the HIPC completion point all deprived Chad of the essential resources it needed to put in place an economic and social fabric that would reduce poverty during the first phase of its strategy (NPRS1).

In light of this, and considering the new momentum provided by the Paris Declaration on Aid Effectiveness and the commitment of the President of the Republic, the Head of State, who made social reform his priority, the government undertook to revise the National Poverty Reduction Strategy (NPRS1), which became the reference framework for government policy and the focus of all efforts to combat poverty and achieve the MDGs, to which Chad has subscribed.

The second-generation National Poverty Reduction Strategy will be implemented in a new environment that is less dominated by the growth of the oil sector. The major intersectoral priorities have remained the same, but the rural sector, where 87 percent of the poor are concentrated, continues to be the focus of all efforts. Emergency measures taken by the Head of State and Government to re-establish order in the Republic and restore the people’s confidence – which was shaken following the failure of the rebellion in early 2008 – and the firm intention of the government to continue the political dialogue and apply the agreements reached hold the promise of a rapid restoration of the security and peace to which the Chadian people have legitimately aspired for so many decades.

The government intends to obtain the resources needed to coordinate the implementation of the current National Poverty Reduction and Growth Strategy, to mobilize domestic and foreign resources, and to use them as effectively as possible. The aim is to create opportunities for production and consumption and to promote development in line with the national capacities in an economy that is integrated at the regional and subregional levels. To that end, it will endeavor to respect the principles defined in the Paris Declaration on Aid Effectiveness and expects its external partners to do the same.
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EXECUTIVE SUMMARY

In October 2006, the Chadian government began preparation of a second National Poverty Reduction Strategy (NPRS2). The preparatory work was assigned to five thematic groups that brought together senior officials from the sectoral ministries, experts from the Technical Secretariat of the Poverty Observatory, eminent individuals, and representatives of civil society. In September 2007, representatives of 16 of the country’s 18 regions participated in regional workshops that gathered the views of the local population and civil society on poverty issues and the aspirations of each of the regions. The conclusions of these discussions influenced the strategic choices made during the preparation of the NPRS2. The NPRS Steering Committee assessed and guided the preparatory work. The document was approved in April 2008 by the High-Level NPRS Oversight Committee.

The NPRS2: (a) analyzed poverty in Chad, (b) reviewed the results of the first NPRS (NPRS1) and (c) progress toward the MDGs, (d) defined the strategic pillars of the second strategy, (e) examined two key scenarios for poverty reduction and growth for the period 2008-2011, and (f) described the institutional framework for implementation of the strategy.

A. Poverty in Chad

Chad is one of the poorest countries in the world. It was ranked 171st out of 177 countries in the 2007 Global Human Development Report. Poverty affects 55 percent of the population and is primarily concentrated in rural areas, where 87 percent of the country's poor live. Poverty varies by size of family and by level of education and occupation of the head of household. The poorest segments of the population consist of large families in which the head of household has not gone beyond primary school and works in the primary or secondary sector. In rural areas, families headed by women are also among the poorest.

The level of access to basic social services is reflected in the very high illiteracy rate, particularly among women, although school enrollment ratios are increasing rapidly. Access to health services is improving, even if health indicators have made little improvement overall.

B. NPRS1 results

The NPRS1 had five objectives: (i) promoting good governance, (ii) ensuring sustained high levels of economic growth, (iii) improving human capital, (iv) improving the living conditions of vulnerable groups, and (v) restoring and protecting ecosystems.

Progress on these various fronts has been mixed.

(i) Promoting good governance. Progress toward good governance has been hampered by the political and security situation, particularly the renewed outbreak of armed conflict in the country. The States General of the Army proposed reforms aimed at making the army a genuinely professional army. A justice system reform program is being implemented, with the objective of making the justice system more accessible and better able to handle business law disputes. Laws dating back to 1999 defined the principles of a reform of the civil service (revision of specific regulations, overhaul of wage scales, competitive hiring, and merit-based promotions), and implementation of these laws began in 2007. Institutional audits reviewed the objectives and structure of key ministries. Laws have defined the terms and conditions of a possible decentralization, but it has not yet been possible to organize local elections.

Reforms have been undertaken to improve fiscal management: program budgets and a Medium-Term Expenditure Framework (MTEF) have been introduced to better align the budget to the priorities set out in the NPRS, and integrated computerization of financial
management has begun. Until 2005, the share of the priority economic and social sectors in the approved and executed budgets increased, but in 2006 and 2007 rising military spending reduced the relative share of sectors focusing on poverty reduction.

(ii) **Ensuring sustained high levels of economic growth.** Growth has been led mainly by investment in the oil sector, and then by oil production. These two factors brought the average annual growth rate to 18.7 percent between 2003 and 2005, or 15.6 percent on a per capita income basis. Non-oil GDP benefited from the ripple effect of high growth in the oil sector and increased public spending on implementation of the NPRS1 and grew quickly, at an average rate of 6.4 percent over the same period. However, the decline in oil production in 2006 also substantially reduced growth (0.5 percent). Average GDP growth remained low in 2007 (1.5 percent) despite the anticipated recovery in oil production. Non-oil GDP continued to post a relatively satisfactory growth rate in 2006 (4.4 percent) but declined in 2007 (3.6 percent).

The primary sector (agriculture and livestock) was the engine of non-oil GDP growth, with average annual growth of 3.5 percent during the 2003-2007 period. Favorable climatic conditions (except in 2004), progress with irrigation, equipment of farms, the construction of pasture wells and pumping stations, and demand for agricultural products owing to incipient urbanization and the regional markets explain the growth of non-oil primary GDP. The rehabilitation of main roads, better maintenance of the existing road network, progress in providing access to water, and the expansion of mobile telephony are also factors that contributed to the overall growth of the Chadian economy.

The objective of improving the macroeconomic framework to create an environment favorable to investment, growth, and poverty reduction was problematic during the NPRS1 implementation period. In particular, the deteriorating security situation resulted in substantial slippages in public spending in 2005 and 2006, and the persistence of these problems led to a large increase in off-budget military spending in 2007. At the same time, nonmilitary spending also increased more rapidly than programmed, reflecting both the pressure of needs in the social sectors and infrastructure and serious deficiencies in the budgetary control system. These macroeconomic policy slippages delayed attainment of the HIPC Initiative completion point, depriving the country of the important benefits of debt relief, particularly the substantial fiscal resources that would have been available for the economic and social development of the country, rather than spent on debt service.

(iii) **Improving human capital.** The primary school enrollment ratios for boys and girls increased remarkably, but the quality of education did not improve apace. Repetition rates are declining but remain high, and little progress has been made in improving completion rates, which continues to seriously compromise the effectiveness of the education system. Results are also mixed for the health system. There has been a substantial decline in HIV/AIDS prevalence rates, a slight decrease in infant and child mortality rates, but a sharp deterioration in the maternal mortality rate.

(iv) **Improving the living conditions of vulnerable groups.** Modest progress has been made in protecting vulnerable populations. Discussions are under way to define and effectively implement a social welfare policy.

(v) **Restoring and protecting ecosystems.** The protection of ecosystems has not halted deforestation, which has been accelerated by recurrent droughts, the expansion of pastures and hectares under cultivation, and the use of wood fuels, the main source of household energy.
C. Progress toward the MDGs

On the whole, the Millennium Development Goals (MDGs) focus on the same themes as the NPRS1, but the MDG indicators date back to 1990. Analysis of progress in attaining the MDGs covers a longer period than the NPRS1 (from 1990 rather than 2000), but confirms the trends identified previously regarding Chad’s economic and social development.

In the 1990s, per capita GDP and primary per capita GDP stagnated or declined, and the incidence of poverty, particularly in rural areas, increased. Unpredictable climatic conditions exacerbated food insecurity, per capita food production declined significantly, and one third of Chadians could not meet their basic nutritional needs.

However, since 2000, economic and poverty indicators have improved much more than they did in the 1990s. Social indicators have shown the same trends as compared to progress in the 1990s, witness the previously noted substantial increase in primary school enrollment ratios and the stagnation of health indicators.

In short, it appears that after a slow start, greater progress has been made toward the MDGs in most sectors, except health, since 2000 and the launch of the NPRS1. Nevertheless, Chad remains well below the critical path toward achievement of the MDGs by 2015.

D. Direction and strategic pillars of the NPRS2

The NPRS2 has been launched in a complex economic and political context but one that is also full of hope. While the persistence of the rebellion has created a climate of insecurity that is damaging economic development, the signing of agreements with the opposition points toward a better outlook for political and social stability. At the same time, oil production has been declining since 2006 and, despite the discovery of new deposits, macroeconomic projections for 2008-2011 continue to forecast a steady decline of oil GDP and oil revenues for the government. In this context, the government intends to look in particular to diversification of the non-oil sector to accelerate growth, stabilize revenues, and implement poverty reduction strategies.

The current political, economic, and social context does not fundamentally change the strategic choices made by the government in the context of the NPRS1. Completing what has been begun, accelerating the reforms under way, and optimizing the results obtained are the main objectives of the NPRS2. More importantly, the government intends to emphasize implementation of the strategy, particularly the programming of sectoral actions, their budgeting, and their monitoring/evaluation.

The government considers this second-generation National Poverty Reduction and Growth Strategy (NPRS2) as the main instrument for achieving the MDGs in Chad and therefore the preferred framework for mobilizing domestic and external revenues for socioeconomic development.

Based on the lessons learned from the implementation of previous public policies, the NPRS2 gives priority and particular attention to agriculture and the development of the rural sector, where 87 percent of the poor live. The main objective is to increase food production and farmers’ incomes. This requires a sustained improvement in the productivity of the agricultural sector and substantial investments to improve access to essential services, particularly transport, information and communications, water, and energy. These investments will be made with due regard for protection of the environment and ecosystems. Building farmers’ capacities in order to make the rural sector more attractive will also help to slow urban drift. Finally, diversification of agricultural subsectors supported by the development of the processing industry will enable the country to increase employment,
which is the main instrument for redistributing growth. To that end, the government issued its first Employment Policy Statement in April 2002.\textsuperscript{1} This policy statement is based on five key principles: (i) making sustainable economic growth the engine of job creation; (ii) establishing the private sector as the main source of new jobs; (iii) renouncing the government’s role as the main supplier of jobs and instead promoting its role of supporting and guiding job creation and development; (iv) reconciling economic growth and the development of human resources in the context of a poverty reduction strategy; and (v) reorganizing technical and vocational training to better prepare students for integration into the labor force. The government intends to supplement this effort by adopting and implementing the national employment strategy starting in 2009.

The government also intends to pursue its policy of promoting human resources in order to enable the population to participate in and fully benefit from the country’s socioeconomic development. The main objective is to ensure that all Chadian children have access to high-quality universal primary education, to eliminate inequalities – by gender and region – in access to education, health, nutrition, and nonfarm employment, and to put in place the social policies and institutions necessary for improving the living conditions of vulnerable groups, particularly homeless children, the disabled, women, and the elderly.

Finally, the essential task of protecting the interests of future generations requires the inclusion of protection of the environment in all sectoral policies, by promoting direct investment to reduce environmental degradation and improve ecological surveillance.

\textit{i. Good governance}

Good governance begins with \textit{political governance and consolidation of the democratic process}. The consolidation of peace and security and the stabilization of the political situation will help to promote growth and reduce poverty much more than any of the other components of the NPRS2.

Aware of this challenge, the government has made a sustained effort to establish a dialogue with the opposition, which has resulted in the signing in August 2007 of a political agreement between the parties of the presidential majority and the democratic opposition, and a peace agreement with the armed factions in October 2007. However, in February 2008 an attack by rebel forces reached N’Djaména, weakening the peace process. After the failure of the rebellion, emergency measures were taken by the government to re-establish order and restore the people’s confidence. The government’s firm commitment to persevere in its pursuit of a political dialogue and application of the agreements augur well for rapid restoration of security, gradual consolidation of peace, and promotion of the rule of law and freedom.

The government is resolved to rapidly implement the program to reform the armed forces based on the recommendations of the States General with a view to promoting an army made up of professions in the service of development. Quartering soldiers in barracks, resuming demining operations, and strengthening the capacity of the police forces and gendarmerie to intervene are priority areas in this strengthening of the rule of law, which is also essential to restore the confidence of the people and economic agents.

Apart from the periodic armed rebellions, the country has also seen important, recurring political troubles based on intercommunity rivalries and conflicts between farmers and

\begin{footnotesize}
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\item Decree No. 176/PR/MFPTPEM/02 of April 11, 2002 approving the Employment Policy Statement.
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livestock herders. To eliminate this problem, the government is resolved to put in place conflict prevention and resolution mechanisms involving traditional authorities, which would be better able to promote peaceful, consensual, and more suitable solutions to this kind of dispute and to strengthen the resources and powers of the National Ombudsperson.

Improving governance also requires reform of the civil service and public service institutions, which is essential to improve economic and administrative management, enhance the effectiveness of public actions, and offer the people and economic agents better essential services at a lower cost. In the context of the NPRS2, the reform of the civil service includes the following priority actions: (i) the creation and operation of a reliable database, used by both the Ministry of Finance and the Ministry of the Civil Service; (ii) updating of the 2001 census; and (iii) implementation of the 2004 reform, which calls for competitive recruitment and promotions based on merit and competence. In the reform of institutions, the government intends to develop a program of priority actions based on the recommendations of the audits of the key ministries. Finally, the government will provide the devolved entities with the human and financial resources they need to perform their new functions and will organize local elections, thus launching the decentralization process.

Pursuing and accelerating the reform of the justice system are essential to strengthening the rule of law, protecting the population, particularly the most vulnerable groups, and creating an environment favorable to development of the private sector. The government is resolved to implement measures aimed at strengthening the skills and integrity of judges, making judicial services more accessible to the population, and developing commercial courts that are well prepared to settle disputes relating to business law.

Despite the government's efforts to combat corruption, it remains a major problem in Chad, jeopardizing the credibility and effectiveness of public actions. Indeed, corruption results in the diversion and partial allocation of public resources, which deprives the government of the financial means and capacity to implement its programs and reduces the anticipated impact of expenditures in the sense that it diminishes the proportion of resources that actually reaches its intended target. Corruption also hampers the development of the private sector by limiting the supply and quality of government services – particularly infrastructure – through its effect on the quality of spending, and by directly increasing the cost of transactions through informal and illicit taxes on economic agents.

For this reason the government is resolved to intensify its fight against corruption as an essential component of its strategy to promote good governance. Steps taken until now have emphasized strengthening the institutions responsible for public procurement, expenditure tracking, and collection of revenues. These efforts will be stepped up and supplemented by a program to consolidate transparency in the management of government resources.

Finally, good governance means encouraging the participation of nonstate actors and promoting a development culture. The government is counting on civil society to give grassroots populations – particularly users of government services – the means to be heard and influence public management.

The political situation in Chad in recent decades has been marked by chronic instability as a result of armed conflicts, deficient government, and a lack of respect for law and order and overly frequent recourse to violence. One of the results has been an increase in antisocial behavior, in terms of both despoiled and wasted public goods, as well as more aggressive and confrontational relations among citizens and social groups. The government is aware of this serious problem, which is a hindrance to social solidarity and harmony and is making it difficult to mobilize all around a common strategy for participatory, collective development.
It is therefore planning to organize a dialogue with civil society and traditional structures to identify actions to consolidate harmony, social solidarity, and inclusion.

**ii. An environment favorable to robust, diversified growth**

The main priority of the NPRS2 is the pursuit of economic diversification policies to promote more robust growth that creates jobs. These policies include: (i) development of the oil sector; (ii) diversification of the sources of growth to encourage the development of new subsectors in agriculture and services; (iii) promotion of the private sector; (iv) stabilization of macroeconomic and financial policies; and (v) promotion of a trade policy that is favorable to investment and exports and based on regional and multilateral cooperation.

**Development of the oil sector.** In view of the anticipated decline in oil production based on proven (or known) reserves, the government has launched a major program to stimulate mining and oil exploration in order to revitalize and diversify production in the mining sector. To that end, it has developed a constructive partnership with operators already working in the sector. It also hopes to encourage the involvement of new partners, particularly China and India, with whom major contracts have recently been negotiated. It is expected that in the long term these efforts will be able to reverse the anticipated decline in oil production and consolidate oil’s contribution to growth, exports, and government revenues.

**Diversification of the sources of growth.** In the short and medium term, the success of the NPRS2 will depend above all on the implementation of an effective diversification policy, particularly in the non-oil sector. A recent study of the sources of growth indicates that growth subsectors exist in agriculture (groundnuts, fruits and vegetables, gum arabic, sheanuts), livestock (cattle), and infrastructure (road transport and information and communications technologies). Promotion of these sectors could substantially increase and stabilize the rate of growth of the economy during the four years of the NPRS2. Already, production and exports of groundnuts and gum arabic and the sale of cattle on the hoof are increasing at a satisfactory rate owing to the buoyant regional and international markets. Similarly, an acceleration in the growth of the telecommunications sector is anticipated owing to the project for a fiber optic connection to the international network, which is well under way. A significant indirect and direct contribution to growth is also expected from road transport. The program to improve the road network and make traffic flow more smoothly should make it possible to considerably improve services, thus supporting production and marketing activities in agriculture, industry, and other commercial services. This overall dynamic will contribute to the creation of jobs and more rapid poverty reduction.

**Promotion of the private sector.** The success of the diversification strategy depends on effective cooperation between the public sector and private enterprises. Access to bank credit and microcredit is essential for the expansion of SMEs and the informal sector, which still dominate private sector activities. Therefore, in coordination with the Chamber of Commerce, the government intends to implement a capacity-building program for SMEs with the support of the formal and informal financial sector. In this context and in partnership with NGOs and informal and formal market operators, the government has taken steps to define a national strategy for the development of microfinance institutions.

Establishment of a framework for an ongoing dialogue with enterprises is probably the most important reform for the expansion of the formal sector. Together with the administrative and judicial reforms, simplification of the tax system, reduction in customs delays, transparent management of fiscal affairs, clearance of domestic arrears, reduction in transport costs, and access to cheaper and more reliable energy, the development of a public sector/private sector
Partnership will significantly promote the resumption of domestic and foreign private investment.

**Predictability of economic policies.** Greater stability and predictability of macroeconomic policies and the macroeconomic framework are prerequisites for a resumption of private and foreign investment. Recent history in oil-producing countries indicates that in many cases the expansion of and fluctuations in the production and export of oil have damaged competitiveness and have acted as a brake on the development of other sectors. The symptoms of this blight ("Dutch disease") are a rise in inflationary pressures, particularly in the nontradable goods sector, a related appreciation of the real exchange rate, rapid growth of wages and therefore the unit cost of labor with the resulting loss in competitiveness, a rise in imports, and a relative decline of non-oil exports. Dutch disease has unfortunately been quite apparent in the Chadian economy in recent years. In particular, the rise in domestic absorption – particularly public consumption – in 2005 and 2006 was mirrored by a substantial increase in the consumer price index (above 8 percent on average annually or twice the inflation target under the CAEMC convergence criteria). As a result, to restore macroeconomic stability and the competitiveness of the economy and to support diversification efforts, the government is resolved to redouble its efforts to maintain fiscal discipline in order to contain the expansion of public spending, particularly wages and other current expenditures, while at the same time stepping up reforms to improve the quality and effectiveness of such spending.

**Stabilization and optimization of public spending.** The stabilization of public spending at an optimal (desirable and sustainable) level requires: (i) an increase in non-oil tax revenues; (ii) a smoothing policy over the medium term that establishes sectoral budgetary ceilings on the basis of sectoral strategy priorities, absorption capacities, and performance of the sectors, and the medium-term sustainability of the spending program based on resource projections; (iii) a reduction in military spending and control of personnel costs; (iv) improved fiscal and financial management; and (v) effective mobilization of development assistance and improvement of aid effectiveness.

On the tax revenue side, the government’s efforts are aimed at increasing the average annual tax burden by 0.3 percent during the period 2008-2011, which should bring non-oil public revenues from 8.6 percent of non-oil GDP in 2006 to 11.2 percent in 2011. This increase will come essentially from increased economic activity, expansion of the tax base, and improved performance of the tax administrations. The reform of the tax code (simplification and enhanced transparency) and increase in the resources and capacities of the Tax and Customs Administrations will accompany the measures taken to expand the tax base and improve revenue collections.

To smooth and streamline expenditure, the government established a transitional stabilization mechanism in 2007 to set aside direct and indirect oil revenues above a ceiling set in the budget law on the basis of the medium-term expenditure framework (MTEF) agreed with the partners. However, the security situation and the acceleration of the program of public investments in infrastructure have already exhausted a substantial proportion of the oil account reserves. The government has initiated discussions to establish an expenditure smoothing system that will take account of probable fluctuations in the volume and price of oil and their impact on public revenues in the coming years, and will limit total budgetary allocations accordingly to a level deemed sustainable in the medium term.

The gradual consolidation of peace is expected to reduce military spending and better program it over the medium term. Effective control over the wage bill, which absorbs more than 80 percent of non-oil revenues, is essential to contain inflationary pressures and increase
the share of the budget allocated to other current expenditures and priority investments. To that end, the government is resolved to introduce measures to computerize the wage bill, introduce direct deposit of wages, and expand the type of reforms under way in the Ministry of Finance and Information Technology to all government services, particularly staff censuses, the creation of a database, interconnection between the wage bill and the integrated expenditure circuit (CID), review of the system of automatic promotions, enhanced controls over the pension system, and completion of the wage bill audit.

The basics of the program to improve fiscal management, and public finances in general, are outlined in the Fiscal Modernization Plan (PAMFIP). Its application is consequently one of the government's priorities in the NPRS2. This plan includes a set of measures to streamline fiscal programming, simplify the expenditure circuit, reduce recourse to exceptional procedures (simplified payment authorization and payment procedures—PSOPs), reform the CID, and improve cash flow management. Therefore, the government intends to initiate a permanent system of annual reviews of public spending, particularly in the priority sectors, in order to improve the quality and effectiveness of expenditure. It also intends to strengthen public procurement procedures and enhance the capacities of government entities, particularly the Public Procurement Oversight Agency (OCMP), the Committees for the Opening and Evaluation of Bids (COJOs), and the Procurement Units (SPMs). If resolutely applied, these measures will together enable the government to better control public spending and to define and implement sound fiscal management policies favoring growth and poverty reduction.

The government hopes that the stabilization of the political situation and consolidation of peace, combined with the new impetus given to the priority sectors for poverty reduction, will encourage the international community to increase its development assistance in support of the public spending program included in the NPRS2. The government plans to organize a Round Table in 2008 to present its priority programs to the development partners along with the related financing needs for the four years of the NPRS2.

**Regional cooperation and trade integration policy.** The government is determined to implement a dynamic trade policy to promote investment and exports in the context of regional integration. In fact, the member countries of the CAEMC are currently involved in important negotiations toward a partnership with the European Union. The negotiations focus in particular on the length of a transition period, the timing of the trade liberalization measures, the methods for protecting sensitive products (agriculture and livestock), and the upgrading of the quality standards of economic agents in Chad and the other African countries concerned. As a landlocked country, Chad depends on its neighbors for the transport of its imports and exports, for the sale of many of its products (livestock, groundnuts, other agricultural products), and for the development of important infrastructure (energy and telecommunications). Aware of this dependence, the government hopes to step up its efforts to strengthen cooperation within the CAEMC and also to develop active cooperative relations with other neighboring countries such as Nigeria and Sudan, as well as other regional blocs, particularly ECOWAS. At the same time, the government will continue to strengthen its partnerships with emerging countries, particularly China and India, especially for the development of large energy and industrial projects.

**iii. Rural development**

Because poverty is concentrated in rural areas, the government's economic and social policies will continue to give priority to rural development, particularly agriculture, livestock production, and the protection of ecosystems.
The agricultural strategy is aimed at improving food security, introducing more intensive farming techniques, diversifying production by developing new subsectors (groundnuts, gum arabic, fruits and vegetables, roots and tubers), and reviving cotton production, which is the livelihood of 350,000 farming families in the poorest regions of the countries. To that end, the government plans to implement a set of programs including: (i) more effective public actions, particularly the resumption of research, seed production, and agricultural extension services; (ii) a policy focusing on the development of farmers associations and the gradual delegation of activities that were previously monopolized by the public sector to these associations and to the private sector; (iii) the introduction of small-scale irrigation that can be managed by the farmers themselves or their associations; and (iv) the implementation of the roadmap for the restructuring of Cotontchad.

The strategy for development of the livestock sector focuses on: (i) building on achievements in animal health (number and competence of public veterinarians, development of community-based services – private veterinarians and veterinary assistants); (ii) better use of pasture resources (use of stock watering resources combined with the establishment of a framework for dialogue on the rational use of resources); (iii) gradual modernization of livestock production and processing techniques (cooperation with the private sector for the development of feedlots and local processing of products from the sector) and (iv) promotion of poultry farming and the raising of small ruminants, two activities that are particularly accessible to the poorest segments of the population.

The fisheries development strategy focuses on implementation of the PRODEPECHE project. The development of integrated management plans along with discussions with all parties concerned will make it possible to better exploit the potential of the sector and to halt its steady decline.

The strategy for the protection of ecosystems. In a country threatened by deforestation, desertification, and a decline in soil fertility, the protection of ecosystems guarantees the sustainability of the resources on which the rural economy is based. Better knowledge of the potential and rate of deterioration is essential for defining an appropriate strategy and programs and projects.

The emergence in all sectors (agriculture, livestock, and fisheries) of management methods based on a participatory approach involving grassroots communities in the definition and implementation of integrated plans for the management of available resources seems the best way of halting the decline in natural resources. These methods are the basis of local development projects, of a streamlining of the use of pastoral resources, and of the PRODEPECHE project.

Deforestation is the aspect of greatest concern in this gradual destruction of the country’s ecological potential. The government will undertake an urgent census of resources still available in order to better define a rational management and sustainable development policy for resources. Community management methods have already been tested in the forestry sector, particularly in the context of the project of the Agency for Domestic Energy and the Environment (AEDE) to regulate the use of firewood in the N’Djaména area. These methods will be evaluated and, if appropriate, expanded.
iv. Infrastructure

Tapping the potential of the rural sector and diversifying the economy will require the development of basic infrastructure, especially in the transport sector.

Road transport. In this sector, a substantial increase in the funds spent on maintenance (including paved roads) is essential to protect existing capital. The construction of main highways, particularly the N'Djaména-Abéché road, will expand the network of paved roads by more than 50 percent. The rehabilitation of 274 km of regional dirt roads and the implementation of a rural road program will enhance the impact of the road program on agriculture and rural development. The use of SMEs and labor-intensive methods to maintain dirt roads will have positive effects on employment. Negotiations with neighboring countries, particularly Cameroon and Nigeria, will facilitate improvement of the operating conditions on the international corridors that carry Chad’s foreign trade. Finally, in the public sector/private sector dialogue, special attention will be given to solving the financing and operating problems of trucking companies.

Land use, urban development, housing, and sanitation. The government intends to develop effective planning and management tools (land use, urban development, and local development plans) and to follow through on a number of infrastructure priorities (water and sanitation, storm drainage, roads and streets). The program includes the rebuilding of the “old quarters” of cities, the connection of land parcels to the sanitation infrastructure, and support for housing construction, particularly through the promotion of construction lending facilities.

Water. The government will continue its efforts to supply water to settlements with more than 2,000 inhabitants and to satisfy the water needs of all villages with more than 300 residents, raising the access rate from 34 percent in 2006 to 48 percent under the NPRS2.

Energy. Access to reliable, inexpensive electric power is essential to promote the private sector and diversify the economy, particularly in the industrial and services sectors. The expansion of electric power production capacities will necessitate improvement of the management and the financial position of STEE, as well as major investments in the production and distribution system. In particular, implementation of the topping plant project will help reduce the cost of producing electricity and make it possible to satisfy about half the power consumption of N’Djaména. Developing the Sédigu oilfield and building a refinery in Djermaya will have similar effects on the production and costs of electricity. The government’s energy development program also includes the promotion of alternative energy sources (solar and wind), as well as the use of butane gas in both urban and rural areas.

The postal system and information and communications technologies (ICT). Expansion of the postal system is an essential counterpart to the development of secondary centers and rural areas. The relaunch of the postal checking system will play an important role in giving rural populations access to financial services. Extending the reach of telecommunications (fixed and mobile telephony) and developing the Internet are essential to the modernization and diversification of the Chadian economy. In addition to rehabilitating public enterprises (SOTEL and STPE), the government will expedite the country’s integration into the international fiber optic communications network currently spreading over the continent. It will extend the cable laid alongside the Doba-Kribi oil pipeline and will participate in the implementation of a regional project involving Cameroon and the Central African Republic. Access to the high-speed network will promote use of the communications superhighway and the transfer of electronic data.
v. Human resources development

The development of health and education is essential to boost worker productivity and facilitate the assimilation and use of new technologies in industrial and agricultural production. This will set the stage for balanced economic and social development and the restoration of equal opportunities for regions, genders, and all social categories.

In the education sector, the government, with the support of its partners, will make available the financial and human resources needed to accelerate progress toward universal primary education. It will lay the foundation for high-quality education, gradually eliminate regional disparities and boy/girl inequities, institute free registration, and involve communities in school management. As a result, the gross primary school enrollment ratio will reach 98 percent by 2011, girl/boy disparities will be reduced, the repetition rate will fall to less than 20 percent, and the completion rate will climb to approximately 60 percent.

Similar progress is expected in secondary education. In the field of higher education, the government will take the necessary steps to make education at this level available to nearly 50,000 young people. It will promote training based on the needs of the job market, restructure the scholarship system, and implement the Bachelor’s-Master’s-Doctorate (LMD) reform.

In the health sector, the government intends to improve access to health care and make high-quality services more widely available. It will give high priority to maternal and infant health and to the integrated delivery of primary health care and hospital care in order to step up the fight against malaria, tuberculosis, HIV/AIDS, and other communicable and noncommunicable diseases. In addition to the construction of health centers and hospitals; the provision of high quality, affordable drugs; the hiring of physicians, nurses, and midwives; a personnel deployment system favoring rural areas; and free emergency services and retroviral treatments, the cost recovery system will allow for a substantial improvement in the health indicators, particularly the rates of maternal mortality (target: 500/100,000 live births) and infant mortality (reduction of 10 points every year).

In respect of the protection of vulnerable populations, the basic strategy will be to promote complementary programs within the framework of a partnership involving the public sector, the private sector, and NGOs. In addition to actions to improve the legal and social framework (registration of births, family code), the government will implement a series of more specific programs benefiting women, young children, AIDS orphans, the handicapped, the elderly, and families in difficulty. In the long term, one of the most important reforms will be the creation of social safety nets and the introduction of a health insurance policy.

A. Macroeconomic and budgetary framework

A number of assumptions were made concerning oil production, energy, telecommunications, the business environment, budget guidelines, and national and international private investment, in order to project two main poverty reduction and growth scenarios for the 2008-2011 period.

The first scenario (reference scenario) serves as a reference framework reflecting the government’s resolve to promote diversification and prudently accelerate economic growth to support the country’s poverty reduction efforts. In this scenario, the annual rate of non-oil GDP growth reaches the target of 6.5 percent by 2011, or double the 2007 level (3.3 percent), and an average rate of roughly 5.5 percent in the 2008-2011 period. Under the impetus of a heightened resource mobilization effort prompted by implementation of the Ministry of Finance’s PAP (Priority Action Program), the non-oil tax ratio will reach the target of
11.2 percent in 2011, compared with 8.6 percent in 2007, representing a realistic average annual increase of 0.7 point. As a result, the non-oil primary balance will improve considerably, rising from -22.3 percent in 2007 to approximately -10 percent by 2011.

The second scenario, which is more proactive, is based on acceleration of the pace of reforms and a level of public expenditure sufficient to attain the MDGs by 2015. The annual rate of non-oil GDP growth reaches the target of 8 percent by 2011, up from 3.3 percent in 2007, representing an average rate of approximately 6.5 percent for the 2008-2011 period. Stronger non-oil GDP growth in the MDG scenario yields additional domestic resources to support the rate of growth of MDG expenditure.

However, this increase in revenue is not sufficient to offset the faster growth of expenditure, which, in 2011, is equivalent to one-third of non-oil GDP (33.5 percent), in contrast to 28 percent in the reference scenario. The result is a financing gap that grows from CFAF 35 billion in 2008 (or roughly 2 percent of non-oil GDP) to CFAF 175.7 billion in 2011 (6.6 percent of non-oil GDP). The government will step up its efforts to increase domestic resources with a view to raising the level of non-oil revenue (for example, by aiming at a non-oil tax ratio of 12 percent by 2011). At the same time, efforts to improve the quality of expenditure will strengthen its impact on the development goals. Greater efficiency may then make it possible to achieve the MDGs at less cost, with the added benefit of a more sustainable level of expenditure. Moreover, in the context of implementing the NPRS2, the government will mobilize more external resources to enable Chad to progress toward the MDGs on a sustainable basis. Chad’s imminent attainment of the completion point of the Heavily Indebted Poor Countries Initiative (HIPC); the Paris Declaration (2005), which strengthens prior commitments and initiatives (Millennium Declaration of 2000); the Monterrey Conference (2002); the High-Level Forum on Harmonization held in Rome (2003); and the Marrakech Roundtable on results-based management and sectoral initiatives are all positive factors that the government plans to bring into play in mobilizing resources and implementing programs to attain the country’s poverty reduction objectives.

In both scenarios, the growth of non-oil primary sector output would outpace rural population growth and lead to a substantial reduction in the incidence of rural poverty. The greatest risk for these growth scenarios remains the continuation and escalation of conflicts, which would virtually rule out improvement in the investment climate and increased public spending in the poverty reduction sectors. A second risk would be a sudden drop in international oil prices, which would accelerate and exacerbate the contraction of fiscal revenue. On the other hand, it is also possible that the development of new oilfields might begin earlier and positively affect the GDP growth rate toward the end of the NPRS2 period.
B. Institutional framework – Monitoring mechanism

The institutional framework put in place in 2005 will be largely retained and used more effectively to monitor the implementation of the NPRS2. The High-Level Oversight Committee will remain the decision-making authority at the political level (Prime Minister, ministers, Secretary General of the Office of the President), but a Government/Partners Committee will enable the government to consult with development partners, the private sector, and civil society concerning poverty-reducing programs and activities. The Steering Committee, composed of representatives of the public sector, private parties, and civil society, will continue to direct NPRS2 activities, with the support of the Technical Secretariat and the sectoral and local interface authorities. The success of the strategy will depend in large part on the involvement of the sectoral ministries, which bear primary responsibility for implementing and monitoring the sectoral objectives of the strategy.

The monitoring mechanism simultaneously monitors activities, programs, and projects identified in the sectoral priority action programs; monitors the execution of program budgets related to NPRS2 implementation (some of the priority sectors in the approved and executed budgets, intra-sectoral budget choices, and implementation of those choices by the ministries concerned); and assesses results (monitoring of performance and results indicators, etc.). The monitoring mechanism includes a set of instruments designed both for the sectors and for the Observatory and the Steering Committee, including: (i) reports of sectoral ministries on the execution of program budgets; (ii) in-depth monitoring of a number of indicators approved by the Steering Committee, INSEED, and the technical ministries; (iii) comprehensive public expenditure reviews (structure of public expenditure) and sectoral expenditure reviews (priority sectors for the most part); (iv) monitoring of the purpose of the expenditure of priority ministries to assess the impact of such spending on targeted populations/regions. In addition to the above activities, which are carried out annually, the Steering Committee and the Observatory commission surveys and analytical studies covering longer periods – 3 to 4 years – to track the progress of the main NPRS objectives (for example, demographic surveys and ECOSIT-type surveys to monitor income and nonincome poverty trends), or to assess the impact of programs (assessment studies). Using these data and studies, the sectoral ministries produce annual reports on the execution of PAPs and program budgets, which are consolidated by the Technical Secretariat of the Observatory to produce the annual report on NPRS execution. These various reports are used for a semi-permanent assessment of progress in implementing the strategy and, when necessary, allow for appropriate adjustments of policies, programs, and targets.

Preparation of the third NPRS will begin in 2010. The NPRS3 will incorporate the in-depth strategic studies carried out in the priority sectors and will fine-tune the corresponding action programs. More functional, these studies will incorporate the discussion on the budgetary implications of any new orientations proposed, the assessment of the macroeconomic and financial environment in the 2012-2015 period, and the outlook in terms of domestic and external resources. As with the full NPRS, the sectoral strategies will be amplified through the process of participatory consultation and augmented with the results of the above-mentioned surveys and assessments, including surveys of beneficiaries concerning the impact on past programs. This will allow for revision of the priorities and strategies for accelerating growth, stepping up anti-poverty efforts, and propelling Chad toward attainment of the MDGs by 2015.
INTRODUCTION

The government began to prepare the NPRS1 in April 2000. The goal was to define an integrated vision of the country’s economic and social policies in order to halve the incidence of poverty by 2015. The NPRS1 was approved in 2003 and put forward five priorities: (i) improved governance, (ii) growth through the development of the rural sector and basic infrastructure, (iii) the development of human resources, particularly by improving health and education, (iv) protection of vulnerable segments of the population, and (v) protection of ecosystems.

The government planned to implement the NPRS1 from 2003 to 2006 and to review and revise it at the end of this period to adjust it to the economic and social changes in the country and to incorporate the conclusions and recommendations of new strategic discussions in the key economic and social sectors for poverty reduction. It was in this spirit that the High-Level Oversight Committee took the decision to revise the NPRS1 during its session of June 20, 2006.

Three main considerations dominated the organization of the process for preparing the NPRS2:

- The desire to fully involve the sectoral ministries in the strategic discussions. In fact, a considerable effort has been made by these ministries during the past four years to redefine their priorities and their action plans, and their involvement is therefore essential to strengthen the link between their sectoral plans and the NPRS, in order to give a more operational content to the new strategy.

- Systematic involvement of civil society, particularly representatives of the poor and users of government services. It is only if the poor and users of government services are involved in the definition of macroeconomic and sectoral strategies that these strategies will be resolutely focused on poverty reduction. Their participation in the process guarantees this focus.

- Use of the conclusions of the new strategy as the basis for the government's key fiscal choices in the preparation of future MTEFs.

In short, it is a matter both of protecting the heritage of the NPRS1, which had established a very complete participatory process, owing to the broad consultations with civil society and the people, and making the NPRS2 a very operational product, with the capacity to influence sectoral policies and budgets based on relevant, measurable indicators.

In October 2006 the government officially launched the revision of the NPRS and put in place the necessary resources. The preparatory work was assigned to five thematic groups which included: (i) senior officials of the sectoral ministries concerned and sectoral experts from the Poverty Observatory; (ii) independent eminent persons selected for their competence and their impartiality; and (iii) representatives of civil society selected on the basis of their knowledge of the aspirations of the grassroots communities. The sectoral

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2 The thematic groups focused on the following areas: (i) rural development (agriculture, livestock, fisheries, the environment); (ii) human development (health, education, social action and promotion of gender equality); (iii) governance; (iv) infrastructure (transport, urban development, housing, energy, water, sanitation, telecommunications); and (v) the sources of growth.
reports and the reports of the thematic groups were subject to a critical analysis by civil society, which presented its comments in the form of additional contributions to the strategy.

Two working groups were then established. One of the groups, together with the sectoral units concerned, was to develop and provide figures for the priority action plans (PAPs) that were to implement the recommendations of the new strategy. The other was to review the proposed NPRS2 in order to clarify the analyses and ensure that the proposals and recommendations made were coherent and consistent.

Consultations with civil society organizations on the revision of the NPRS took place in N’Djaména in May 2007. In September 2007, five teams from the Poverty Observatory began consultations with representatives of the grassroots communities and local participants in the key regions of the country in order to better understand their views of poverty and well-being and to integrate their views on the impact of the NPRS1 and the priorities of the NPRS2.

The High-Level Forum between the government and its technical and financial partners in January 2008 made it possible to strengthen the first version of the strategy paper, the macroeconomic framework, and the related Priority Action Programs. The relevant recommendations of this important forum, which was sponsored by the Prime Minister, focused on (i) the need to stress the impact of growth on poverty in rural areas; (ii) a strengthening of the analyses on issues relating to the environment, employment, and gender; (iii) the harmonization of priority action programs with certain sectoral programs such as the National Food Security Program (PNSA); (iv) the setting of inter- and intra-sectoral priorities; and (v) the alignment of priority action programs with the 2008 budget.

This final version of the NPRS2 took into account all the recommendations of the Forum to the extent possible. It is divided into three parts. The first part begins with an analysis of poverty in Chad and reviews the initial responses to the poverty issues. It analyzes the achievements of the NPRS1 and the efforts made to attain the Millennium Development Goals. It also presents the views of civil society and the grassroots populations on the NPRS1, the MDGs, and the priorities that should dominate the strategy.

The second part presents the NPRS2 objectives. It describes its broad thrusts and the underlying sectoral strategies.

The third part deals with implementation of the NPRS2. It sketches out alternative economic and fiscal growth scenarios based on two non-oil GDP growth hypotheses and describes the institutional framework and tracking mechanism that will be put in place to assess progress made during the four years of the second NPRS and the preparation of the third.
Part One:
ANALYSIS OF POVERTY,
ACHIEVEMENTS OF THE NPRS1,
AND PROGRESS TOWARD THE MDGs
Chapter 1. Poverty in Chad

An essential step in the design of a poverty reduction strategy is preparing an as complete as possible assessment of the economic and social situation of the population to better understand all the dimension of the country’s poverty problems. The purpose of this first chapter is therefore to review poverty in Chad in its physical and nonphysical dimensions, and to analyze the determinants of poverty.

1.1 Income poverty

The main sources of data on poverty trends in Chad are two surveys on consumption and the informal sector. The first survey (ECOSIT1) took place in 1995-1996, and the second (ECOSIT2) was conducted in 2003-2004. Methodological differences make it impossible to systematically compare the results of the two surveys and therefore to determine to what extent and at what rate the poverty indicators have changed.

The data from ECOSIT2 can be used to analyze the poverty profile for Chad at the time of the survey. They show that the poverty level in Chad is high, significantly higher than in most other countries in Central Africa. They also show that in Chad poverty is primarily a rural phenomenon. Finally, they show the impact of size of household and the level of education, gender, and occupation of the head of household on poverty.

In April 2003, the population of Chad was estimated at approximately 7.4 million inhabitants, 51.6 percent of whom were female. The population is very young: more than half is under the age of 15 and only 4 percent is aged 60 or over. Nearly eight Chadians in ten live in the rural areas. N’Djaména, the capital, is by far the largest city. However, less than 11 percent of the population lives in N’Djaména and the country’s three other main cities. Other urban centers account for less than 10 percent of the population. More than 42 percent of the country’s inhabitants live in the northern rural areas, while the southern rural areas contain nearly 38 percent of the total population.

According to the ECOSIT2 results, the poverty line in Chad, base 2003, is around CFAF 144,570 per person per year, or CFAF 396 (less than US$1) per day. Approximately 55 percent of Chadians live below the poverty line and are therefore considered poor. In fact, the poorest 20 percent live on only CFAF 153 per day, while the richest 20 percent spent CFAF 1,105 per day on average.

Poverty in Chad is widespread and deep, affecting 55 percent of the population. The average gap separating the poor from the poverty line is estimated at 21.6 percent of the poverty level. This means that to eradicate income poverty, the poor would need to have additional resources equal to 21.6 percent of the poverty level. A significant proportion of the Chadian population (36 percent of the total) lives in extreme poverty in that they do not even have the resources needed to meet their nutritional needs. The deepest and most alarming poverty is found in the rural areas of the south, where the depth of poverty exceeds 30 percent.

1.1.1 Poverty and place of residence

Poverty is mainly rural. The following table analyzes the geographic distribution of poverty. Poverty is less prevalent in the capital city than in other cities and regions of the country: in
N’Djaména poverty affects only one person in five. In the other cities, one-third of inhabitants are considered to be poor. Poverty is thus primarily a rural problem: 87 percent of the poor live in rural areas, as compared to only 13 percent in the cities.

Table 1-1: Regional Distribution of the Poor in 2003

<table>
<thead>
<tr>
<th>Region of residence</th>
<th>N’Djaména</th>
<th>Abéché/ Moundou/ Sarh</th>
<th>Other cities</th>
<th>Rural north</th>
<th>Rural south</th>
<th>All rural areas</th>
<th>All urban areas</th>
<th>Country as a whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty rate (%)</td>
<td>20.8</td>
<td>34.4</td>
<td>47.8</td>
<td>50.6</td>
<td>70.3</td>
<td>58.6</td>
<td>24.6</td>
<td>55</td>
</tr>
<tr>
<td>Share of the total population (%)</td>
<td>7.6</td>
<td>2.9</td>
<td>9.6</td>
<td>42.3</td>
<td>37.5</td>
<td>79.8</td>
<td>20.2</td>
<td>100</td>
</tr>
<tr>
<td>Share of the poor population (%)</td>
<td>2.9</td>
<td>1.8</td>
<td>8.4</td>
<td>38.9</td>
<td>48.0</td>
<td>86.9</td>
<td>13.1</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: INSEED, ECOSIT/2003/2004

There are substantial inter-and intra-regional disparities. In N’Djaména, where barely 20 percent of the population is poor, the inequalities are significant: the poorest fifth of the population accounts for less than 1 percent of total consumption. The situation in rural areas is not uniform: in the north of the country, only one person in two is classified as poor; in contrast, more than two persons in three (70.3 percent) are poor in the southern, Sudanian zone, although ecological conditions there are in fact favorable to diversified agriculture.

Table 1-2: Poverty Indicators by Region of Residence

<table>
<thead>
<tr>
<th>Region of residence</th>
<th>Incidence of poverty</th>
<th>Depth of poverty</th>
<th>Severity of poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Batha</td>
<td>48.4</td>
<td>15.5</td>
<td>6.6</td>
</tr>
<tr>
<td>BET/ Biltine</td>
<td>55.2</td>
<td>19.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Chari Baguirmi</td>
<td>49.6</td>
<td>16.6</td>
<td>7.8</td>
</tr>
<tr>
<td>Guera/Salamat</td>
<td>62.8</td>
<td>23.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Kanem/Lac</td>
<td>54.1</td>
<td>22.6</td>
<td>12.0</td>
</tr>
<tr>
<td>Logone Occidental</td>
<td>57.6</td>
<td>22.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Logone Oriental</td>
<td>64.7</td>
<td>29.4</td>
<td>16.2</td>
</tr>
<tr>
<td>Mayo Kebbi</td>
<td>71.7</td>
<td>31.2</td>
<td>16.4</td>
</tr>
<tr>
<td>Moyen Chari</td>
<td>69.3</td>
<td>30.4</td>
<td>16.4</td>
</tr>
<tr>
<td>Ouaddaï</td>
<td>34.4</td>
<td>9.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Tandjilé</td>
<td>62.1</td>
<td>25.0</td>
<td>12.7</td>
</tr>
<tr>
<td>N’Djaména</td>
<td>20.8</td>
<td>6.1</td>
<td>2.7</td>
</tr>
<tr>
<td>Overall</td>
<td>55.0</td>
<td>21.6</td>
<td>10.8</td>
</tr>
</tbody>
</table>

Source: INSEED, ECOSIT, 2003/2004
The inequalities are particularly pronounced in the north: only 34 percent of the poor are found in Ouaddaï, compared with almost 55 percent in BET/Biltine and more than 63 percent in Guéra/Salamat. In the south the disparities are less evident, with the percentage of poor ranging from 62 percent in Tandjilé to almost 72 percent in Mayo Kebbi.

The discrepancy of 38 points between the region with the lowest poverty level (Ouaddaï) and the poorest region (Mayo Kebbi), excluding N’Djaména, is indicative of a rather high level of inequality in Chad, which could weaken the impact of economic growth on the poor.

1.1.2 The determinants of poverty

*Poverty increases with the size of household.* Chadian families are often large: the average size of household is 5.9 persons, while more than 40 percent of households consist of at least 7 persons. The majority of Chadian households are headed by men, and households headed by men are generally larger (6.4 persons on average) than those headed by women (4 persons...
on average). Poor families are generally large (7 persons on average), while families headed by persons above the poverty line are often smaller (4.9 persons on average).

Per capita consumption of large families is relatively lower. In rural areas, households headed by women are generally poorer (20 percent decline in consumption) than households headed by men. This can probably be explained by the fact that it is more difficult for rural women to access productive capital.

Poverty decreases as the level of education of the head of household rises. ECOSIT2 data show that only two households in five (38.5 percent) are headed by literate heads of household and that two-thirds of the population 15 years or older are illiterate. Almost two-thirds (63.4 percent) of households in which the head of household has no more than primary education are poor. This proportion decreases to 42.1 percent in households where the head of household has completed secondary school and to 11.1 percent when the head of household has completed higher education. The correlation between level of education and per capita income is strong. In urban areas, per capita consumption increases by 17 percent in households where the head of household has completed the first cycle of secondary education, 27 percent for the second cycle of secondary education, 36 percent for vocational training, and 56 percent for higher education. The level of education of the spouse affects the consumption of households in the same way. Similar correlations have been observed in rural areas.

The strong inverse correlation between poverty and level of education of the head of household and his/her spouse confirms the importance of education in poverty reduction strategies. Specifically, data indicate that the transition from primary education to secondary education is associated with a strong decline – of 20 points – in the poverty rate (from 63.4 percent to 42.1 percent). This decline is even larger (30 points) between secondary education and higher education (42.1 percent to 11.1 percent). For this reason particular attention will be paid to education in the NPRS2

Poverty is also linked to the occupation and sector of activity of the head of household. The location of most Chadian households limits the opportunities for economic and social progress. The majority of the population lives in rural areas and few heads of households have any education or, therefore, access to employment in the modern sector. More than half of the population lives in households in which the main occupation of the head of household is agriculture, while a quarter live in households where the head of household is unemployed, and one-tenth in households in which the head of household works in the nonagricultural informal sector. In total, less than 10 percent of the population lives in households in which the head of household has paid employment. The situation is different in urban areas, particularly N’Djaména, where nearly half the population lives in households with a head of household who has paid employment.
Households in which the head of household works in the services sector, particularly in transport and communications, have higher standards of living than households where the head of household works in the primary or secondary sector. In addition, heads of household that work in the tertiary sector are also more educated than those in the primary sector, once again confirming the importance of education both for diversification – from the primary sector to the tertiary – and for poverty reduction.

1.1.3 Household expenditure items

*Food is the largest expenditure item for households.* On average, consumption of food products absorbs almost two-thirds (61.7 percent) of consumption expenditure by households. This phenomenon seems to be widespread since the relative share of food consumption in budgets varies only slightly by well-being quintile, with a maximum gap of 7 points between the poorest quintile and the richest quintile.

The share of nonfood spending is generally low, particularly the share of spending on health (4.5 percent) and education (0.7 percent). The structure of spending is affected by low levels of cash income, which makes it difficult to make trade-offs between food and nonfood spending. Moreover, nonfood spending is also essential, priority spending.

<table>
<thead>
<tr>
<th>Table 1-5: Structure of Spending by Item and Well-Being Quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure item</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Alcoholic beverages and tobacco</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
</tr>
<tr>
<td>Clothing and footwear</td>
</tr>
<tr>
<td>Lodging, water, and electricity</td>
</tr>
<tr>
<td>Fixtures and sanitation</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Transport</td>
</tr>
<tr>
<td>Communications</td>
</tr>
<tr>
<td>Leisure</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Other expenditure</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Share of spending by quintile in total spending (%)</strong></td>
</tr>
</tbody>
</table>

*Source: INSEED, ECOSIT2, 2003/2004*

For households as a whole, the structure by well-being quintile indicates that the poorest 20 percent of households account for only 6.4 percent of total consumption, i.e., the share of the poorest fifth is 6.4 percent.
1.2 Non-income dimensions of poverty

1.2.1 Education and training

Perennially very low school enrollment ratios explain the high illiteracy rate in the Chadian population. Seven persons in ten live in households in which the head of household has not been educated and only 1 percent in households where the head of household has completed higher education. Although school enrollment ratios have improved over the past 20 years, most heads of household (average age is 42 years) belong to a generation that was largely deprived of this opportunity.

Proximity of schools is also an indicator of ease of access to education. ECOSIT2 shows that 55 percent of pupils take less than 15 minutes to reach their schools. On average, however, primary school children need almost an hour (52.5 minutes). The time required is significantly longer in northern rural areas (88.5 minutes) than in the south and in the cities. Overall, Chadians who attended school assess education favorably: almost six in ten (58.5 percent) say that they are satisfied.

Table 1-6: Travel times to reach the closest public or private primary school by place of residence

<table>
<thead>
<tr>
<th>Travel time</th>
<th>N'Djaména</th>
<th>Abéché / Moundou / Sarh</th>
<th>Secondary cities</th>
<th>Rural north</th>
<th>Rural south</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 15 minutes</td>
<td>64.7</td>
<td>59.6</td>
<td>64.1</td>
<td>44.1</td>
<td>63.9</td>
<td>55.0</td>
</tr>
<tr>
<td>15 to 29 minutes</td>
<td>24.5</td>
<td>28.5</td>
<td>21.4</td>
<td>11.5</td>
<td>16.6</td>
<td>15.7</td>
</tr>
<tr>
<td>30 to 59 minutes</td>
<td>9.8</td>
<td>10.5</td>
<td>8.8</td>
<td>12.6</td>
<td>12.3</td>
<td>11.9</td>
</tr>
<tr>
<td>60 to 119 minutes</td>
<td>0.7</td>
<td>1.1</td>
<td>2.8</td>
<td>12.2</td>
<td>5.2</td>
<td>7.6</td>
</tr>
<tr>
<td>120 minutes or more</td>
<td>0.3</td>
<td>0.3</td>
<td>2.9</td>
<td>19.5</td>
<td>2.0</td>
<td>9.7</td>
</tr>
<tr>
<td>Total (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Average time (in minutes)  13.0  14.0  23.1  88.5  25.6  52.2

Source: INSEED, ECOSIT.2, 2003-2004

1.2.2 Health and nutrition

The second Chad Health and Population Survey (EDST2) in 2004 indicates that 41 percent of children under the age of five suffer from growth retardation with approximately 37 percent being underweight and 14 percent showing signs of wasting. The indicators in 1997 were 40 percent, 39 percent, and 14 percent, respectively, indicating that the nutritional status of children did not improve between 1997 and 2004. Similarly, infant mortality rates have improved little: out of 1,000 live births, the number of children who do not reach the age of five has decreased only slightly (from 194 per 1,000 in 1997 to 191 per 1,000 in 2004). At the same time, maternal mortality rates deteriorated significantly, from 827 per 100,000 live births in 1997 to 1,099 in 2004.
Ease of access to health services can also be measured in terms of average distance for the population to health facilities. ECOSIT2 data indicate that on average Chadians must travel 14 km to reach a health facility. The distances are longer in rural areas (18 km in the rural north and 16 km in the rural south) than in cities. If we consider that a household has access to health services when the travel distance is no more than 5 km, only about one household in three (36.5 percent) meets this requirement and there are significant disparities: approximately 90 percent of households living in urban centers are less than 5 km from a health facility, while in the rest of the country the average distance exceeds 15 km.

1.3 Conclusions

A number of conclusions can be drawn from this initial analysis. First of all, poverty is a serious problem for Chad. The government has given poverty reduction the highest priority among its economic and social objectives. Poverty reduction necessarily involves developing the rural areas, where almost 90 percent of the poor live. Therefore emphasis must be placed on growth in the rural sector, particularly agriculture and livestock raising. In the long term, diversification of the economy – particularly the development of the services sector – will raise the standard of living of a large number of Chadian families, both rural and urban.

Education plays a key role in poverty reduction, as indicated by the close correlation between the level of education of the head of household and the income/expenditure of the household. Completion of primary school does not on its own lead to a substantial reduction in poverty (data show that the incidence of poverty declines only nine points between the illiterate and those with primary education). This is because almost half of those who complete primary school lose their abilities and are once again illiterate within a few years. Therefore improving the quality of primary education must be one of the main priorities of the NPRS2, but a gradual and balanced development of the other levels of education is also extremely important.

Significant progress in the health sector – particularly in the area of maternal and child health – are essential to achieving a sustainable improvement in the health indicators as well as in the living conditions of the population. Finally, development policies and projects must
systematically take into consideration the status of women and their skills, and improve their access to basic services.
Chapter 2. Responses to poverty

2.1 Objectives of the NPRS1 and MDGs

The NPRS1 had five key objectives: (i) promoting good governance; (ii) reducing poverty through growth based on the development of rural areas and basic infrastructure; (iii) ensuring the development of human resources, particularly through education and health; (iv) improving the protection of vulnerable segments of the population; and finally (v) protecting ecosystems.

In November 2000, with the Millennium Declaration, the Heads of State and Government of the member states of the U.N. system laid the grounds for new sustainable human development strategies. Chad subscribed to the principles of the Millennium Development Goals which provide for: (i) halving poverty between 1990 and 2015; (ii) achieving universal primary education; (iii) promoting gender equality; (iv) reducing child mortality; (v) improving maternal health; (vi) combating HIV/AIDS, malaria, and other major diseases, and (vii) protecting the environment.

To a large extent, the NPRS constitutes the strategic and operational framework for achieving the MDGs. As a result, the objectives and targets of the NPRS cover a shorter planning period, 3 to 4 years, that is sliding and adjustable.

2.2 NPRS1 results

Implementation of the NPRS1 began slowly. It was not until 2005 that the government established a coherent institutional system to track the strategy. Three annual reports were prepared on NPRS1 implementation. This chapter reviews the institutional mechanisms established to track the NPRS1 and assesses the efforts and progress made to achieve each of the five main objectives of the strategy.

2.2.1 Progress toward good governance

The main objectives of the NPRS1 in the area of governance were: (i) administrative reform; (ii) devolution and decentralization; (iii) improvement of fiscal management; (iv) reform of the justice system; and (v) enhancement of the security of persons and property. The measures actually taken and progress made to achieve each of these objectives are reviewed in the following sections.

A) Administrative reform: limited progress

The government was able to implement its plan to conduct institutional and operational audits of key ministries. The audits of nine ministries\(^3\) were completed by 2003, and action plans for the reorganization these ministries were adopted in 2004. The audits of 14 additional ministries were completed in 2007.

\(^3\) National education, higher education, public health, social action and the family, agriculture, livestock, justice, planning, and finance.
The principles of a reform of the civil service were put forward. They include the revision of specific regulations, the overhaul of wage scales and benefits, taking account of hardship allowances for various categories of civil servants, and the introduction of promotion mechanisms that reward competence and performance. However, a stronger impetus is required for the implementation of these reforms.

**B) Devolution/decentralization: significant progress with the devolution process, but delays with the introduction of decentralized management**

Devolution began with the division of the territory into new administrative entities (subprefectures and departments) and their grouping into 22 regions under the authority of governors. The number of prefectures (henceforth called departments) increased from 14 to 57 and the number of subprefectures increased from 55 to 252. The aim was to bring the centers of administrative decision-making closer to those being administered, but these new entities have not yet been provided with the administrative and financial resources they need to function effectively and fully play their role. As for decentralization, while several laws have been published little has been accomplished. Local elections have been delayed several times.

**C) Improvement of fiscal management**

Fourteen ministries prepare program budgets, the aim of which is to optimize intra-sectoral budgetary choices. However, these program budgets, which are rarely based on realistic resource assumptions, have little influence on the structure of the budgets approved by Parliament. Moreover, the program budgets are not strategically anchored in a clear way to the extent that few sectors have sectoral strategies to guide the ministerial action plans and the corresponding program budgets.

The government is gradually introducing the medium-term expenditure framework (MTEF) to streamline intersectoral budgetary choices and better align the budget and program budgets to the sectoral priorities of the NPRS. Multiyear sectoral allocations based on adequate resource forecasts will facilitate the preparation of more realistic and more rigorous program budgets.

Computerization of the expenditure circuit helps to speed up preparation of financial tables and budget execution reports. However, the effectiveness of this reform is still affected by the silo nature of the system, to which several key financial services are not yet connected. The deficiencies of the system are one explanation for the periodic cash flow problems.

One of the most important measures has been the increase of the share of the budget given to priority poverty reduction sectors and the decision to allocate 70 percent of budgetary appropriations to education, health, infrastructure, rural development, and governance in the July 2006 supplementary budget and the 2007 budget. Despite the difficulties encountered by the priority ministries in using up their appropriations, their share of total expenditure increased in the budgets executed through 2005. In 2006 and 2007, the budgetary impact of the defense and security problems slowed this progress. From 63 percent in 2005, the share of the priority sectors declined to 56 percent in 2006 before rising again to 65 percent in 2007.

**D) Reform of the justice system**

The recommendations and resolutions of the States General of Justice organized in 2003 led to the development of a reform program for the justice system focusing on: (i) promotion and protection of human rights; (ii) revision of legislation to adapt it to the Chadian context; (iii) provision of additional human resources to the courts; (iv) provision of the necessary
equipment and infrastructure needed by the courts to operate; and (v) efforts to combat corruption and impunity.

The reform began in 2005 with: (i) the creation of two new courts of appeal (Abéché and Moundou) to ease bottlenecks at the N’Djaména court; (ii) the creation of commercial courts in 18 regional capitals; and (iii) the revision of the monthly benefits paid to judges and justices of the peace and the adoption of specific regulations applicable to court clerks.

Six court sections were established in the courts of first instance. Several graduating classes for justices of the peace were assigned to these jurisdictions (subprefectures) in order to bring the justice system closer to the people.

**E) Security of persons and property**

A Ministry responsible for Security and Immigration has been created and measures have been taken to collect weapons of war and to suspend the purchase of handguns. The States General of the Army met in April 2005, and reforms were proposed to professionalize the army and strengthen its role as a participant in development.

Measures were also taken to reduce tensions and prevent the recurrent conflicts between certain segments of the population, particularly between farmers and livestock herders. To that end, a draft law on transhumance and nomadism was prepared. It represents an important step toward the definition of a code of conduct for better organization of the circulation of cattle and mediation of conflicts between farmers and livestock herders. The application of this law will help to ease intercommunity conflicts and restore social peace in the rural zones in question.

### 2.2.2 Growth led by the oil sector

**A) The oil sector has been the engine of growth since 2000**

Oil investments between 2000 and 2003 and the beginning of production in October 2003 have been the main catalysts of growth in this decade. After two years of stagnation in 1999-2000, the GDP growth rate reached almost 10 percent in 2001-2002, then an annual average of about 24 percent in 2003-2004.

The stabilization and then temporary decline of oil production since the end of 2005 have resulted in a slowdown in growth to 7.9 percent in 2005 and just 0.2 percent in 2006, with GDP growth projected at 1.4 percent for 2007. However, the growth of non-oil GDP reached the exceptional level of 11 percent in 2005, particularly owing to the strong recovery of agriculture, cotton, and transport. It remained quite high in 2006 (4.7 percent) owing to strong food production, but is estimated at 3.3 percent in 2007.
Chart 2-1: Gross Domestic Product between 2000 and 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (current prices) excl. oil</th>
<th>GDP (current prices) incl. oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5.8</td>
<td>12.4</td>
</tr>
<tr>
<td>2001</td>
<td>10.2</td>
<td>17.8</td>
</tr>
<tr>
<td>2002</td>
<td>14.8</td>
<td>23.2</td>
</tr>
<tr>
<td>2003</td>
<td>17.8</td>
<td>23.2</td>
</tr>
<tr>
<td>2004</td>
<td>21.2</td>
<td>26.2</td>
</tr>
<tr>
<td>2005</td>
<td>25.2</td>
<td>31.4</td>
</tr>
<tr>
<td>2006</td>
<td>29.2</td>
<td>37.6</td>
</tr>
<tr>
<td>2007</td>
<td>33.8</td>
<td>46.0</td>
</tr>
</tbody>
</table>

Table 2-1: Macroeconomic Indicators

<table>
<thead>
<tr>
<th>Prior to PRSP I</th>
<th>PRSP I Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>7.80</td>
</tr>
<tr>
<td>Population growth rate (%)</td>
<td>2.8</td>
</tr>
<tr>
<td>GDP (CFAF billion), incl. oil</td>
<td>966.90</td>
</tr>
<tr>
<td>Per capita GDP (CFAF thousand)</td>
<td>124.00</td>
</tr>
<tr>
<td>Real GDP growth rate, incl. oil (%)</td>
<td>8.5</td>
</tr>
<tr>
<td>Per capita GDP growth rate (%)</td>
<td>5.4</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>2.5</td>
</tr>
</tbody>
</table>

As % of non-oil GDP at current prices

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>45.7</td>
<td>38.5</td>
<td>30.2</td>
<td>24.0</td>
<td>32.1</td>
</tr>
<tr>
<td>Public investment</td>
<td>11.2</td>
<td>13.2</td>
<td>15.8</td>
<td>15.1</td>
<td>15.2</td>
</tr>
<tr>
<td>Private investment</td>
<td>34.8</td>
<td>25.3</td>
<td>15.0</td>
<td>8.3</td>
<td>16.9</td>
</tr>
<tr>
<td>Government:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>8.3</td>
<td>14.4</td>
<td>16.8</td>
<td>31.5</td>
<td>39.5</td>
</tr>
<tr>
<td>Of which oil revenues</td>
<td>0.0</td>
<td>4.2</td>
<td>7.5</td>
<td>22.8</td>
<td>30.7</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>21.4</td>
<td>24.5</td>
<td>23.4</td>
<td>30.6</td>
<td>32.6</td>
</tr>
<tr>
<td>Of which wages</td>
<td>4.9</td>
<td>5.8</td>
<td>5.9</td>
<td>6.7</td>
<td>8.0</td>
</tr>
<tr>
<td>Non-oil primary balance</td>
<td>-2.4</td>
<td>-3.9</td>
<td>-5.0</td>
<td>-16.5</td>
<td>-21.0</td>
</tr>
<tr>
<td>Exports</td>
<td>18.6</td>
<td>87.3</td>
<td>91.9</td>
<td>82.7</td>
<td>94.4</td>
</tr>
<tr>
<td>Imports</td>
<td>71.6</td>
<td>99.3</td>
<td>43.0</td>
<td>36.6</td>
<td>68.3</td>
</tr>
<tr>
<td>Current account (excl. official transfers)</td>
<td>-62.0</td>
<td>-52.3</td>
<td>-32.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding debt/GDP</td>
<td>65.1</td>
<td>32.4</td>
<td>28.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service (% of exports)</td>
<td>18.5</td>
<td>1.5</td>
<td>0.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memo: Non-oil GDP (CFAF billion) at current prices</td>
<td>1229.65</td>
<td>1375.20</td>
<td>1727.30</td>
<td>1770.80</td>
<td>1921.50</td>
</tr>
</tbody>
</table>

Macroeconomic stability could not be maintained through the entire period of the NPRS1. In 2005 and 2006, the inflation rate was significantly above the threshold set in the CAEMC convergence pact. In addition, the deterioration of the security situation resulted in substantial...
budgetary slippages in 2005 and 2006. Security pressures continued in 2007, leading to a sharp increase in off-budget military spending. As a result, the non-oil primary deficit widened to 21 percent of non-oil GDP in 2007. The difficulties in controlling spending during this period also revealed the weaknesses of the budgetary control system, which the government is endeavoring to correct with the PAMFIP. Because of the slippages in spending and fiscal management, Chad could not reach the completion point of the Heavily Indebted Poor Countries Initiative (HIPC)

B) Rural development and the infrastructure program also contributed to economic growth

*Rural development.* Climatic conditions constitute one of the main determinants of growth and fluctuations in the non-oil economy, particularly the primary sector (agriculture, livestock, forestry, fisheries, and hunting). Nevertheless, efforts have been made and there has been progress in increasing productivity and intensifying production in the agriculture and livestock sectors.

Financial support from the government in the form of subsidies has made it possible to reduce the cost of farm machinery and consequently to increase the rate of equipment of farms from 24 percent in 2004 to 26 percent in 2005. This is important not only to promote the expansion of land under cultivation, but also to improve the productivity of farms and to enable farmers to transport and market a portion of their products themselves.

The development of irrigation helps to make agricultural output less subject to climatic vagaries and promotes the gradual modernization of farming techniques. Hydroagricultural projects have increased developed land by 50 percent, from 20,000 hectares in 2003 to 30,000 hectares in 2006.

The government has undertaken to reform the cotton sector, which was seriously affected by the drop in world prices, declining output and yields, and the poor management of Cotontchad. A roadmap has been prepared, including concerted efforts to seek out potential investors and the active participation of farmers in identifying ways of restructuring the sector.

Farmers associations are still relatively rare and have limited facilities. However, the number of associations is increasing rapidly, reflecting a renewed interest in the rural world for this kind of organization. The aim is to involve such associations in the management of the sector and to encourage them to take over functions previously performed by the public sector. Their representatives are members of project steering committees and participate in the development and implementation of sectoral reforms.

The introduction of development projects based on the construction of water points (pasture wells and pumping stations) and more rational management of transhumance areas has contributed to the expansion of the livestock sector. The livestock census begun in 2006 will make it possible to better define the appropriate direction for the strategy to develop this high-potential sector.

*Transport.* Substantial progress has been made in the road sector. The government has invested a great deal in the construction of highways aimed at opening up poorly served regions and improving connections with the main international corridors carrying the country's external trade. From 2002 to 2006, the size of the paved network was increased almost 80 percent, from 560 km in 2002 to 786 km in 2005 and more than 1,000 km in 2006.

A gradual increase in the resources allocated to road maintenance is as important for rural development and poverty reduction as the construction of new roads. On average, more than
2,000 km of roads were maintained in 2004 and 2005. Thanks to the joint efforts of the government and its partners to construct and maintain roads, it is estimated that in 2006 45 percent of the roads in the national network were passable in all seasons. For a long time, little was done to improve regional roads and rural roads, particularly roads in cotton-growing areas. In 2006, the government adopted a five-year investment plan for main roads and rural roads (2006-2010).

**Other infrastructure.** The development of other infrastructure, particularly for water, energy and telecommunications, is also a factor for growth and poverty reduction. Since the approval of the Master Plan for Water and Sanitation for 2003-2020, the government – as part of a participatory approach integrated at the local level – has done a great deal to improve access to safe drinking water for urban and rural populations, particularly for the benefit of the poorest segments of the population. These efforts have been successful and the rate of access to water increased from 21 percent in 2000 to 31 percent in 2005.

In the energy sector, substantial investments were made to increase electricity production capacity. However, the difficult financial position of the Chadian Water and Energy Company (STEE) remains a serious obstacle to the development and consolidation of the sector. Chad has significant potential for alternative energies (particularly solar energy), but efforts in this area are still very limited.

In the area of telecommunications, the development of mobile telephony has made it possible to increase the rate of access to telephones from 1.5 percent to 6.05 percent. A rural telephony project has installed VSAT antennas in 15 secondary cities. However the cost of communications remains high, constituting a major obstacle to development of landline telephony and new information and communications technologies. The project for a fiber-optic connection to the international network will certainly help to lower these costs and improve service.

**C) Impact of growth on poverty, particularly on the condition of rural populations**

The new surveys on household consumption will make it possible to measure the change in poverty rates in urban and rural areas since ECOSIT2. In the meantime, however, the following data give some indication of the trends:

- GDP growth rates have substantially exceeded population growth rates. Per capita GDP increased 8.8 percent per year between 2003 and 2007 and per capita non-oil GDP increased 2.6 percent per year during the same period.
- Since poverty in Chad is largely rural, another way of looking at the problem is to compare primary GDP growth, excluding oil, (3.5 percent per year from 2003 to 2007) with the rural population growth rate during the same period (2.8 percent). In this case, the results indicate that the increase in per capita non-oil primary GDP was quite modest (about 0.7 percent on average per year), pointing to limited progress in poverty reduction in rural areas.

**2.2.3 Development of human capital**

**A) Significant results in access to primary education**

In February 2002, the government adopted a new education policy, which was included in the NPRS1. The new education policy was aimed at increasing access to education, making the system more equitable, and improving its quality. The last objective is particularly important as recent studies show that Chad lags far behind in the quality of primary education. In 2004,
only 38 percent of children of school age completed the CM2 (cours moyen 2e année or sixth and final year of primary school).

The government has therefore decided to cover the cost of skills training for more than 2,000 community teachers each year by providing subsidies to parent associations. Moreover, special subsidies were granted to improve school infrastructure in the poorest communities. A dynamic partnership was created between the government and the communities. An Agency to Support Community Initiatives in Education (APICED) was created in 2003.

The government’s strategy has had particularly encouraging quantitative results. From 2001 to 2005, school enrollment increased on average by 6.3 percent per year. Overall, the gross primary school enrollment ratio increased from 71.6 percent in 2000 to 82.5 percent in 2003 and 87.6 percent in 2004, before declining to 84.4 percent in 2005. The gross enrollment ratio for girls increased from 54.7 percent in 2000 to 65.2 percent in 2003 and 67.9 percent in 2005. The objectives of the NPRS1 for enrollment ratios for the CP1 (first year of primary school) were also substantially exceeded: 121 percent for boys, compared to an objective 90 percent, and 88 percent for girls, as against a target of 65 percent.

The growth in secondary school enrollment was even more rapid (approximately 13 percent per year). In higher education, the number of students increased from 75 per 100,000 inhabitants in 2000 to 117 in 2003.

Unfortunately, these results conceal significant regional disparities. Moreover, despite progress in the education of girls, the index gap between girls and boys improved little. However, the most serious problem is the lack of efficiency of the system. Chad’s coefficient of efficiency (0.49) is low. Repetition rates declined from 26 percent in 2000 to only 22 percent over the past three years. In 2005, only 36.4 percent of children of the appropriate age group completed primary school (33 percent for girls) and the academic achievement level is not satisfactory.

Several factors explain this situation: (i) high teacher-pupil ratios (69 in 2003-2004); (ii) percentage of community teachers (67 percent), many of whom have not yet received the necessary professional training; (iii) the lack of equipment and textbooks (only 21 percent of students have a seat at a school desk; on average, two students share one textbook).

The same quality problems occur at other levels. The promotion of students from one level to the next is not controlled and more higher education diplomas are granted than are needed to meet the demands of the economy.

The share of education in public spending has increased significantly (from 10 percent of executed expenditure in 2002 to 14 percent in 2005), but a portion of this increase has been offset by a very sharp increase in unitary costs (the cost of a classroom quadrupled in four years, from CFAF 7 million in 2002 to more than CFAF 30 million in 2006).

B) Unsatisfactory results in the public health sector

One goal of the NPRS1 was to facilitate access to high-quality health services throughout the country, to optimize the use of the available resources, to improve the key indicators for the sector, and to energetically combat HIV/AIDS, malaria, and malnutrition. In 2005 and 2006, a review of this policy revealed the deficiencies of the system in terms of access to health facilities and the supply and quality of health care services. Two major problems reduce the effectiveness of the health care system.

The first is the lack of capacity of the sector to absorb resources. Health budget execution rates are particularly low (only 65 percent in 2005). Another problem is the lack of qualified
staff and their poor distribution. Chad has only one doctor per 27,680 inhabitants, as compared to a WHO standard of one per 10,000. There is only one midwife per 9,074 women of childbearing age, compared to a standard of one per 5,000. Moreover 46 percent of doctors are concentrated in N’Djaména. Poorly served populations therefore have recourse mainly to self-medication and informal medicine.

The lack of resources allocated to basic health care, their poor distribution, the inadequate quality of care, the poor coordination of interventions, and the lack of follow-up have a disastrous effect on the country's health indicators.

Despite efforts made in the area of vaccinations, the national coverage rate has never exceeded 80 percent (78 percent for DTP3 in 2006). Infant and infant and child mortality rates are very high and have decreased little over the past 10 years (the infant mortality rate declined from 103 per 1,000 live births in 1997 to only 102 in 2004, and the infant and child mortality rate from 194 per 1,000 in 1997 to 191 in 2004). Finally, 41 percent of children under the age of five suffer from moderate chronic malnutrition and almost one child in five suffers from severe chronic malnutrition.

Maternal mortality indicators have deteriorated, with the maternal mortality rate increasing from 827 deaths per 100,000 live births in 1997 to 1,099 in 2004. Approximately 57 percent of pregnant women are not monitored by skilled health care personnel and 79 percent of births are not attended. However, significant progress has been made in the efforts to combat HIV/AIDS, for which the prevalence rates have declined from between 5 percent and 7 percent (depending on the source) in 2000 to 3.3 percent in 2005

C Partial but insufficient results in improving the living conditions of vulnerable groups and promoting gender equality

There are three dimensions to the problem of the status of vulnerable or marginalized groups involving the need to:

- better target sectoral strategies and programs toward the poorest segments of the population;
- organize more targeted actions in favor of the disabled, orphans, and the urban unemployed, as well as children needing social protection;
- develop strategies for capacity-building for women to enable them to contribute more effectively to growth.

Vulnerable groups. The government has launched a study that will serve as the basis for defining a strategy and operational programs in favor of vulnerable groups.

Approximately 5 percent of identified AIDS orphans and vulnerable children are assisted by the National AIDS Prevention Program (PNLS) in cooperation with the AIDS Prevention unit of the Ministry of Social Action and the Family and associations of persons living with HIV/AIDS (PLHIV/AIDS associations). The country’s 26 social centers feed 2,600 seniors and 26,000 breast-feeding mothers, malnourished children, and disabled persons.

Additional efforts must be made to influence economic performance and social services in favor of the most disadvantaged segments of the population. Recent GDP growth has had little impact on the rural sector, where a large proportion of the poorest people work. Poor families bear a relatively large share of the cost of primary education and the poorest regions are those where the lack of qualified personnel seriously affects the availability and quality of health services.
NGOs, particularly those located at the local level, are best positioned to manage programs adapted to the specific problems of social categories such as the disabled, orphans, and the urban unemployed. However, a partnership between the public sector and NGOs could facilitate the definition and implementation of consistent strategies within which the activities of the NGOs would fit.

*Women and gender equality.* Important steps have been taken to better integrate women in national social and economic activities. For example, significant progress has been made with the school enrollment of girls, actions promoting greater independence for women (income-generating activities (IGA), microcredit, awareness campaigns, and training), and efforts to improve maternal and infant health.

If they are effectively implemented, the measures planned and under way to develop microfinance for the benefit of vulnerable groups will certainly have a positive and significant impact on economic activity and the status of women. However, a great deal remains to be done to make genuine progress toward equality between men and women. Additional strategies should be developed to enhance the status of women, combat abuse and violence against women, and genuinely take account of gender specificities in the policies and programs implemented. To that end, it should be noted that the NPRS1 suffered from serious deficiencies on the issue of gender equality and policies in that area. The government has taken steps to remedy these deficiencies and, since 2005, a process of developing a National Gender Policy has been under way. This policy should set out the country's approach to including gender issues in sectoral development strategies and policies and priority action plans. Already advocacy and capacity-building actions taken in recent years have promoted the integration of women in certain sectoral policies (Health, National Drug Policy (PNP)). Continuation of this process requires enhancing institutional mechanisms and national capacities in the areas of gender equality and equity.

The actions taken are ineffective owing to a lack of good coordination among the main parties involved. Given the number and diversity of potential participants, the definition and implementation of social welfare plans, gender equality promotion strategies, and actions in favor of the most vulnerable segments of the population necessarily involve establishing a partnership among all the government services concerned, the private sector, related national and international movements, and the development partners. In this way, a common strategy will inform the various national and local initiatives organized by each of the participants.

#### 2.2.4 Protection of the environment

The legal and regulatory provisions that are supposed to protect the forest and biodiversity are mostly obsolete and are seldom respected. At the same time, environmental problems are becoming more widespread. The pressure of populations on forested lands is very strong (firewood, expansion of land under cultivation) and it is very difficult to combat poaching, abusive cutting of trees, and uncontrolled brushfires. Urgent attention is needed to support the environment and enable Chad to achieve balanced, sustainable development.

The energy problem lies at the heart of the environmental protection policies. Wood fuels (wood and charcoal) supply more than 90 percent of energy consumed in Chad. While the consumption of gas is increasing (from 69 tons in 1999 to 367 tons in 2004), it involves only a small proportion of the population. The number of households equipped with gas stoves is under 11,000, 90 percent of which are located in N’Djaména.
The most important issue in the protection of ecosystems is obtaining better data on available resources and the reasons for and rate of their degradation, and then, on this basis, to define a comprehensive national strategy supported by initiatives in the communities concerned. The emergence of integrated local development initiatives encouraging grassroots communities to inventory the potential of their zone and to plan together, on a participatory basis, for the use of available natural resources is one of the most promising developments in recent years.

The measures taken and under consideration to better organize transhumance should also have a positive effect on the environment, in terms of both protecting harvests and facilitating the circulation of cattle in dry seasons and rationalizing the use of pasture and stock watering resources.

2.2.5 Establishment of an institutional system to track the NPRS

The tracking mechanism is no doubt the weakest link in the implementation of the NPRS. At the central level, the NPRS1 tracking entities have more or less performed their main functions. However, the regional committees established in 2003 in the 18 regions have been scarcely operational. This is due in part to the lack of progress made with the decentralization process and the lack of ownership of the NPRS1 at the political level. Their role has been important, however, in that they: (i) organized awareness campaigns for the Chadian people on the priority objectives of the strategy; (ii) presented an assessment of the local dimensions of poverty; and (iii) produced reports on the implementation of programmed actions to reduce poverty in the regions. Since poverty is particularly a rural problem, it is essential that the overhaul of the institutional framework include appropriate measures to improve the functioning of the regional or local tracking entities. This is one of the major challenges for the NPRS2.

2.3 Progress toward achievement of the MDGs

As indicated above, the NPRS is the reference framework for planning development programs in Chad, including the implementation of steps aimed specifically at achievement of the MDGs. This means that the MDGs are among the objectives targeted by sectoral programs, which are included in the program budgets and tracked by a whole series of indicators over the three or four years of the sliding planning process covered by the NPRS. It is true that the NPRS1 macroeconomic framework did not clearly estimate or express the sectoral budgets and overall resources needed to keep Chad on the critical path toward achievement of the MDGs. It is also true that the resources allocated over the three years of execution of the NPRS1 were not adequate, neither in overall volume nor in terms of sectoral allocations for the financing needs of the MDGs. Nevertheless, the MDGs constitute operational targets for sustainable human development in Chad and are thus tracked in the same way as other NPRS indicators. The purpose of the following section is to describe Chad’s economic and social progress during the NPRS1 implementation period on the basis of progress made in achieving the MDGs, and to assess the road ahead and the effort required to enable Chad to attain the MDGs by 2015.

Chart 2-2 illustrates the changes in the key MDG indicators; Table 2.2 presents the list of indicators and points out the road ahead to achieve the MDGs in Chad.
2.3.1  Eradicate extreme poverty and hunger (MDG 1)

This goal (MDG1) aims to halve, between 1995 and 2015, the proportion of people whose income is below the national poverty line. According to ECOSIT1, 54 percent of the Chadian population was below the poverty line in 1995. The MDG for 2015 is therefore 27 percent. Although not directly comparable, the ECOSIT2 results suggest that the incidence of poverty decreased little in 2003 by comparison with the level observed in 1995. For Chad to return to the critical path toward achievement of this objective (MDG1), the poverty rate will need to decline to 34 percent by the end of the NPRS2 implementation period (2011). This implies a decrease in the incidence of poverty of about 20 points in four years, a major challenge. Achieving this goal will require significantly stronger, sustained growth, as well as greater participation of the poor in the growth process and its benefits.

Another target of MDG1 is to halve the proportion of people who suffer from chronic hunger. In 1995, 44.2 percent of the Chadian population fell below the minimum level of dietary energy consumption of 2,160 kcal, below which people are considered to live in a state of chronic hunger. The objective is to halve this proportion (22.1 percent) by 2015. The ECOSIT2 survey shows that in 2003 more than one-third of Chadians did not have the necessary resources to meet their food needs. Moreover, 37 percent of children under the age of five are underweight, which is linked to chronic hunger. Hunger therefore remains a serious problem for Chad, particularly for the poorest and most vulnerable segments of the population. To meet this challenge and to enable Chad to achieve this target by 2015, the government will step up its efforts to reduce the proportion of the chronically hungry to 26.5 percent over the four years of the NPRS2.
Chart 2-2: Key Millennium Development Goal (MDG) Indicators

Incidence of income poverty between 1995 and 2003 compared with the MDG path

Primary school completion rate between 1995 and 2005 compared with the MDG path

Ratio of girls/boys in primary school between 1990 and 2005 compared with the MDG path

U5MR between 1996 and 2004 compared with the MDG path

Maternal mortality rate between 1996 and 2004 compared with the MDG path

Proportion of persons with access to safe drinking water between 2000 and 2005 compared with the MDG path

Source: Extract from the Departmental Report on the MDGs for Chad
2.3.2 Achieve universal education (MDG2) and gender equity in education (MDG3)

Universal education, at least at the primary level, for girls as well as boys (elimination of the girl/boy disparities) is the main goal for the millennium in the area of education. Universal education targets are measured by the gross enrollment ratio (GER) at the primary level, and the primary school completion rate. From a baseline of 40 percent in 1995, the GER must be increased to 100 percent by 2015. As indicated in previous analyses on the education sector, progress in this area has been encouraging. The primary enrollment ratio has improved significantly since the 1990s for both girls and boys. The increase in the GER for boys was slower in the 1990s (from 65 percent in 1994 to 68.3 percent in 2000), but much more rapid between 2000 and 2003 (99.9 percent), 2004 (105.7 percent), and 2005 (100.9 percent). After a sharp increase in the 1990s, the GER for girls progressed little at the beginning of the current decade, then began to catch up after 2003. If current trends continue and the anticipated results of the NPRS2 are achieved, Chad could achieve the gross enrollment ratio goal before 2015.

In contrast, the outlook for the primary school completion rate is rather more bleak. From 16 percent in 1995, the completion rate reached 38 percent in 2004 and then fell back to 35.3 percent in 2005. These trends indicate that while there has been progress the achievements remain fragile. An analysis of gender trends shows that disparities between girls and boys persist. The completion rate for girls increased from 19.2 percent in 2001 to 25.7 percent in 2004 before falling back to 23.7 percent in 2005. The completion rate trend for boys was similar, increasing from 48.4 percent in 2001 to xx percent in 2004 before falling back to 46.8 percent in 2005. The completion rate for girls is half that of boys and there has been little improvement in this trend since 1995.

At the current rate, the completion rate would trend to 57 percent in 2015, well below the goal (by 43 points). The NPRS2 projections indicate that this gap will be as large in 2011 (34 points off the critical path). Projections show that significant efforts remain to be made in this area to bring Chad close to the MDG requirements.

However, as measured by the ratio of girls to boys in primary school enrollment, it is evident that gender equality has improved between 1998 (44 percent) and 2004 (68 percent). If these trends persist or grow stronger, the girl/boy ratio should reach 82 percent in 2015, just 18 points below the parity goal of 100 percent. This indicates that the goal remains within the country's reach.

The same cannot be said for other levels of education, where the current gaps at the primary level are replicated and sometimes even magnified. Without greater political will, the chances of parity in other levels of the education system, as well as in decision-making bodies and the nonagricultural sector are in jeopardy. Women represented less than 20 percent of nonagricultural wage earners, 6 percent of seats in Parliament, and 16 percent of the government in 2007. However, a substantial increase of at least 30 percent in this representation can be obtained if adequate measures are taken.

**Actions in favor of universal education and gender equity**

Significant progress has been made in the education sector in terms of coverage, although substantial disparities remain at the regional levels and in terms of gender. To promote gender parity, a strategy in favor of the education of girls must be developed and implemented, and it must be accompanied by incentives and other measures, such as a relief from other tasks and the elimination of sexist stereotypes and behaviors.
In addition to actions on the enrollment ratios for girls, the promotion of equality between the sexes and increased independence for women will require actions with more immediate impact such as: (i) awareness-raising in the area of reproductive health; (iii) [sic] greater action to eliminate violence against women (BCC and advocacy; legal measures); (iv) incentives favoring the participation of women in the political life of the country; (v) enhancement of socioeconomic promotion measures; (vi) guidance for girls in the transition to professional life; (vii) integration of gender issues in development program planning and in budgets to ensure the implementation and monitoring of actions in favor of gender equality and equity at all levels and the establishment of a monitoring mechanism.

2.3.3 Improve child health (MDG4) and maternal health (MDG5); combat HIV/AIDS, malaria, and other diseases (MDG6)

Progress toward the MDGs has been slowest in the area of health. As indicated above, the infant mortality rate has decreased very little. At the current rate, infant mortality will not be significantly reduced by 2015. That gap between current levels and the MDG would still be about 67 points. To achieve this goal, the rate would need to be reduced to 50 per 1,000 births by 2011. Maternal mortality is an even greater concern; it is projected to stand at 1,648 deaths per 100,000 live births in 2015, or 1,373 points above the target of 275 deaths. To reverse this trend, maternal mortality would need to be brought down to 500 deaths by 2011.

2.3.4 Increase access to basic services and equipment: water, sanitation, energy, and roads (MDG7)

As indicated above, the rate of access to safe drinking water increased from 23 percent in 2000 to 36 percent in 2004. Although this result is encouraging, it remains below the MDG target. To halve the proportion of the population without access to an improved source of water, the rate of access would need to be brought to 60 percent by 2015. This implies a rate of access of 48 percent by the end of the NPRS2 implementation period (2011). Rates of access to sanitation services are still relatively low. In 1990, only 7 percent of the population had sustainable access to sanitation services. There has been a little progress since that time, with this proportion standing at around 9 percent in 2004.

In short, an analysis of Chad's progress toward the MDGs reveals the same worrisome trends as for the NPRS1 social development indicators. Significant progress has been made in some areas, such as primary education, where programs have been conscientiously implemented. In contrast, substantial delays have been accumulated in other areas, where strategies do not exist or programs have not been executed satisfactorily. As a result, meeting the challenge of the MDGs requires not only deepening sectoral strategies and refining policies and action programs, but, in particular, implementing these programs resolutely over the long term. That is the greatest challenge for the NPRS2.
<table>
<thead>
<tr>
<th>Goals</th>
<th>Targets</th>
<th>Indicators selected for Chad</th>
<th>Reference year</th>
<th>Current value of indicator</th>
<th>Target value in 2011</th>
<th>Target value in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Eliminate extreme poverty and hunger</td>
<td>1. Halve the proportion of the Chadian population who live below the poverty line</td>
<td>1. Income poverty index</td>
<td>2003</td>
<td>55%</td>
<td>40.3%</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>2. Halve, by 2015, the proportion of people who suffer from malnutrition</td>
<td>3. Proportion of the population below minimum level of dietary energy consumption</td>
<td>1996</td>
<td>33%</td>
<td>25%</td>
<td>22.1%</td>
</tr>
<tr>
<td>2. Ensure primary education for all</td>
<td>3. Ensure that, by 2015, all school-age children receive primary schooling</td>
<td>4. Gross enrollment ratio at the primary level</td>
<td>2005</td>
<td>84.4%</td>
<td>98%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Completion rate for the primary level</td>
<td>2005</td>
<td>35.3%</td>
<td>59%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Literacy rate</td>
<td>2003</td>
<td>38%</td>
<td>53%</td>
<td>60%</td>
</tr>
<tr>
<td>3. Promote equality of the sexes and independence for women</td>
<td>4. Eliminate gender disparities in primary and secondary education, by 2005, and at all levels of education no later than 2015</td>
<td>7. Ratio of girls to boys at the primary level</td>
<td>2005</td>
<td>0.67</td>
<td>0.87</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Proportion of seats held by women in Parliament</td>
<td>2002</td>
<td>7%</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>4. Reduce infant mortality</td>
<td>5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate</td>
<td>10. Infant and child mortality rate</td>
<td>2004</td>
<td>191 per 1,000</td>
<td>101.5 per 1,000</td>
<td>63.7 per 1,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11. Infant mortality rate</td>
<td>2004</td>
<td>102 per 1,000</td>
<td>48.8% per 1,000</td>
<td>34 per 1,000</td>
</tr>
<tr>
<td>5. Improve maternal health</td>
<td>6. Reduce by three quarters the maternal mortality rate from the level of 1099 per 100,000 live births in 2004</td>
<td>13. Maternal mortality rate</td>
<td>2004</td>
<td>1099 per 100,000</td>
<td>500</td>
<td>275 per 100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14. Proportion of births attended by skilled health personnel</td>
<td>2006</td>
<td>26%</td>
<td>29.6%</td>
<td>32%</td>
</tr>
<tr>
<td>6. Combat HIV/AIDS, malaria, and other diseases</td>
<td>7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS</td>
<td>16. HIV/AIDS prevalence rate</td>
<td>2005</td>
<td>3.3%</td>
<td>&lt; 3.3%</td>
<td>&lt; 3.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17. Contraceptive prevalence rate</td>
<td>2005</td>
<td>2%</td>
<td>30%</td>
<td>40.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>19. Malaria prevalence rate</td>
<td>2006</td>
<td>22.4%</td>
<td>Stabilized</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>21. Tuberculosis prevalence rate</td>
<td>2006</td>
<td>56 per 100,000</td>
<td>Stabilized</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>22. Rate of use of health services</td>
<td>2006</td>
<td>90.3%</td>
<td>98%</td>
<td>100%</td>
</tr>
<tr>
<td>7. Ensure environmental sustainability</td>
<td>9. Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</td>
<td>23. Area of protected lands (%)</td>
<td>2006</td>
<td>9.1%</td>
<td>12%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24. Method of evacuation of household waste (rate of collection of waste)</td>
<td>2004</td>
<td>34%</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27. Proportion of the Chadian population with access to a source of safe drinking water</td>
<td>2006</td>
<td>34%</td>
<td>48%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28. Proportion of households without access to a latrine or toilet</td>
<td>2004</td>
<td>90%</td>
<td>50%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Chapter 3. Public perception of poverty reduction policies

3.1 Organization of consultations

In September 2007, the Poverty Observatory organized workshops in the regions to collect the views of the grassroots populations on the impact of the NPRS1 and the MDGs and on the priorities for the NPRS2. These consultations followed up on the forum of civil society organizations that was held in N’Djaména in May 2007.

The workshops were organized in five regional capitals. The teams from N’Djaména generally consisted of: (i) representatives of the Ministry of the Economy and Planning and the sectoral ministries, (ii) experts from the Technical Secretariat of the Poverty Observatory; and (iii) representatives of NGOs and civil society. The regional representatives included representatives of: (i) government services; (ii) traditional authorities; (iii) religious leaders; (iv) NGOs; (v) civil society; (vi) women’s associations; (vii) producer associations (farmers and livestock herders); and (viii) merchants (all selected by their respective constituencies). In addition to representatives of the regions in which the workshops were held, the consultations involved representatives of several other regions, whose travel to the workshops was organized by the Observatory. In total, 16 out of 18 regions of the country participated in these workshops, which lasted for three days.

Characteristic of these consultations were the open discussions encouraged by the team leaders from N’Djaména and the representatives of civil society. The harshness of the criticisms levied at various aspects of the economic and administrative management of the country and the behavior of government agents in the regions is proof that the grassroots representatives spoke frankly and were pleased to participate in open discussions that allowed their voices to be heard. This candor constitutes a gage of the relevance of the recommendations that came out of these consultations for the revision of the NPRS.

3.2 Main themes of the consultations

The discussions focused on: (i) a review of the NPRS1 and the MDGs, and (ii) the priorities of future poverty reduction policies.

3.2.1 Public perception of the NPRS1 and MDG results

The main comment on this topic was the lack of visibility of the programs undertaken as part of the NPRS and MDGs, and of the results obtained.

The reports on the NPRS1 are not readily available and are rarely disseminated to the population. Even the government services themselves appeared not to be familiar with the objectives of these initiatives and the measures taken to implement them. A translation of key documents into Arabic would be very useful in the regions where this language is dominant. Also, an enormous communications effort must be undertaken, which is a challenge for the communications unit of the Observatory and the Steering Committee.
The regions and local populations and institutions were not sufficiently involved in the implementation and tracking of the NPRS1 and MDGs. It is essential that the Observatory take the necessary steps to ensure that the local committees responsible for publicizing the NPRS programs in the regions, assessing trends in poverty issues at the regional and local levels, and tracking program implementation and the results obtained function effectively. This decentralized tracking is particularly important in that local populations often feel that initiatives taken in N’Djaména and appropriations approved for grassroots services do not always reach their intended recipients. To remedy this, the local populations would like:

- the institutions responsible for defining and tracking poverty reduction strategies to be independent institutions that are closely associated with civil society and representatives of grassroots communities;
- the implementation and tracking of the NPRS2 to be based on clear objectives and precise indicators that would make it possible to measure progress made, results obtained, and the performance of the public sector and other institutions in the implementation of poverty reduction policies.

3.2.2 NPRS2 priorities

A) Governance

The main criticisms of actions by government services and comments on the future of the NPRS focused on governance, considered by the people to be the most important challenge facing Chad. The following issues dominated the discussions in the workshops.

Poor governance: This affects almost all aspects of public management. Poor management of projects, waste and misappropriation of public funds, poor distribution and poor use of available human resources, and impunity protecting those in positions of responsibility from sanctions are the main problems that weaken public action and its impact on the poor.

Turnover of supervisory staff and the overly frequent rotation of political and administrative managers in the key ministries and public institutions are an obstacle to continuity of government action and the identification of those responsible for ineffective management.

Incompetence and lack of integrity too often characterize the performance of many civil servants. A basic administrative reform must place men and women with the required technical qualifications and ethical standards in the most important positions for the management of services.

Fiscal reform, enhanced controls, and anticorruption efforts are priorities. Anticorruption measures are the responsibility, in particular, of the Ministry for General Oversight of Government and Ethics, which must be given the necessary resources and employ them effectively to achieve this objective.

Insecurity in all its forms is by far the most serious obstacle to the economic development of cities, regions, and rural areas, and to the reduction of poverty. Not only are law enforcement agencies often incapable of protecting the security of property and persons in their area of intervention, but they can even exacerbate these situations. Many participants feel that gendarmerie commanders abuse their powers in order to exploit the local population to their benefit.

Intercommunity conflict – particularly frequent conflicts between farmers and livestock herders – are, in many regions, one of the main factors leading to insecurity. The adoption of a new law on transhumance and clear and precise implementing regulations, and the creation...
of transhumance corridors that are well identified and respected are the best way of
preventing such conflicts, which are often badly managed by local authorities, who use them
for their personal enrichment. Strengthening the powers and resources of the National
Ombudsman and allowing the traditional chiefdoms once again to play their traditional roles
are some of the approaches that would facilitate the peaceful settlement of intercommunity
conflicts.

An adequate legal environment and a competent and fair justice system are essential to
stimulate economic development and protect the social peace. However, well-trained judges
are not on the only condition for success. The justice system must itself be independent and
must control criminal investigation officers, which is not the case at present.

B) Human resources

The participants gave high priority to the development of human resources and insisted on the
following points.

Many were concerned at the lack of coordination of measures taken in the education sector
for the development of infrastructure, assignment of staff, and provision of other operating
resources based on the genuine needs of the population. Recently constructed classrooms
often remained unused for long periods of time. Parents are also partially responsible for the
underemployment of some infrastructure. Awareness campaigns must be undertaken to show
parents the importance of a good education for their children, including their daughters.
School violence must also be combated, and inappropriate behavior by some teachers toward
school girls, which is one of the reasons for the high drop-out rates among girls, must be
eliminated. Other factors include nutritional deficiency and the lack of school canteens.

It is important to modernize the education system by gradually introducing new information
and communications technologies in primary and secondary education. All levels of
education – including higher education – must be accessible to the very poor. The
development of vocational training is important to slow urban drift and to integrate
delinquents and those who have abandoned the educational system into the economic and
social life of the country.

It is particularly urgent to improve the health system. High priority must be given to maternal
health. To achieve this, women must first of all attend antenatal consultations. In addition,
high-quality health care personnel must be recruited, trained, retrained, and redeployed more
equitably throughout the country, as they are currently concentrated in the capital. To that
end, medical personnel must also be given the appropriate incentives, particularly specialists.
Finally, Chadian doctors working abroad, particularly in Europe, must be encouraged to
return to Chad.

The cost of health services – particularly the cost of drugs in hospitals – is prohibitive for
most Chadians. The dispensaries themselves have become boutiques rather than public
services. Free antiretroviral treatments are a good measure, as long as this includes screening
tests.

Communication is an important public health instrument. The people must be better informed
of major diseases, especially malaria and AIDS, and educated in preventive measures.

To improve the status of women, women must be given their due role in the economic and
social life of the country. Women's issues must be taken into consideration in all development
programs and projects. The education of girls is an important goal. It is urgent that the Family
Code – the approval of which has been pending for two years – be adopted. The condition of
women than in rural areas is particularly worrisome, especially illiterate women, who are often the victims of abuse, and of bogus microfinance programs.

The protection of vulnerable groups is a key objective of the two NPRSs. However, the government has not yet defined a genuine social action policy. AIDS orphans, the disabled, homeless children, and the victims of conflict must be cared for. Pensioners have also become vulnerable groups owing to delays in the payment of pensions and the clearance of arrears.

C) Infrastructure

Infrastructure is the bedrock on which economic development is built.

The main priorities in the area of transport are to continue to pave the country's roads and implement a vast program to develop regional, local, and rural roads.

The problem in the transport sector is not just one of underdeveloped infrastructure, but also the organization and cost of the road transport system. The deficiencies of the system and its high cost are the result of the many roadblocks installed by the security forces on the main roads and rural roads, less for control purposes than to hold residents and carriers to ransom.

Road safety is also a serious problem. The Highways Code must be enforced.

The underdevelopment of the energy sector is a serious handicap for the expansion of the Chadian economy. STEE is badly managed and few measures have been taken to remedy this situation. As a result, electrical energy is extremely costly, unreliable, and poorly distributed. The electrification of secondary cities and rural areas must be stepped up.

Are there solutions to Chad's energy problems? Can the energy from the Komé turbines be used? Will the Sédigui be developed and the refinery constructed? Can hydroelectricity and solar energy be developed? Clear answers must be found to these questions.

Water and sanitation are major problems. Access to safe drinking water is the best means of combating a large number of infectious diseases. The removal, processing, recycling, and reclamation of waste are important. The leida (plastic bags) that litter the streets are a hazard.

Owing to a lack of urbanization and housing plans, the development of cities is anarchical and deficient. The cost of construction materials, the lack of housing credit, and the operation of the property registers are serious obstacles to the balanced development of cities and promotion of housing. Land allotments are arbitrary, farmers are dispossessed of their lands, and green spaces are destroyed. Management Committees (COGES) should be developed for users of urban infrastructure and artisans working in urban areas.
D) Rural development and the environment

Given the concentration of the vast majority of the poor in rural areas, development of the rural sector is a priority for poverty reduction. Multifaceted interventions are needed in the area of agriculture. First of all, research and the National Rural Development Office (ONDR) must be revitalized. The distribution and use of inputs, particularly for food crops, should be facilitated. The Directorate for the Protection of Plant Life should be given adequate resources to combat crop pests. Grain marketing systems and storage facilities should be developed.

Cash crops should also be supported and diversified, particularly rice and sesame. Cotton can no longer be the pillar of the country's agricultural policy. Groundnuts are increasing in importance. Moreover, the creation of agricultural product processing units should also be promoted.

The development of farmers associations should be supported, particularly to promote the equipment of farms with the help of government subsidies. Farm credit and its introduction in the regions are essential to stimulate the expansion and modernization of agriculture.

It is essential that Cotontchad be restructured. This must be done with the support of qualified Chadian professionals in the form of a partnership with farmers associations and civil society. The people concerned are poorly informed about the proposed privatization of the company and are worried. The example of other African countries shows that privatization is not a panacea. The privatization of Cotontchad could be the measure that kills the sector.

The Local Coordination Committees (CCL) are budget hogs and less effective than traditional groups. Who will manage the purchase and distribution of inputs?

The partnership with the European Union could have a disastrous effect on local agricultural products. It should be postponed.

In the livestock sector, the number of pumping station should be increased, veterinarians should be trained, and stock-raising areas should be provided with veterinarians. In addition, cattle breeds should be improved, exports of cattle on the hoof should be halted, and the creation of simple and modern processing units should be encouraged.

Communications are essential for the development of the rural sector as a whole. The creation and development of community radio stations and the exchange of information on development projects and their implementation should be encouraged.

Environmental protection laws are not enforced. The abusive cutting of trees continues. Lake Chad is shrinking. The deterioration of ecosystems is accelerating. The Doba gas flare is causing water and air pollution. A genuine environment policy is essential to support growth and reduce poverty.

3.3 Lessons drawn from the consultations

The regional consultations were interesting in many ways. They were intense and open and on many occasions were indicative of the interest of the Chadian people – particularly in rural areas – in poverty reduction policies. On the whole, the participants knew a great deal about the action of government services in the regions, even if some of their statements needed to be corrected on the basis of information available to the teams from N’Djaména.

The first lesson learned from the consultations is the similarity of the analyses, criticisms, and recommendations made by the grassroots populations in September 2007 and in the very
early stages of the preparatory work on the NPRS1. The conclusions of most of the thematic groups and the more general conclusions from the regional consultations overlapped similarly. The consultations thus strengthened the government’s conviction that the NPRS2 should not systematically invent new priorities, but should rather build on the achievements of the NPRS1 and above all accelerate program implementation.

The second lesson concerns the lack of visibility of the NPRS1 and the programs it launched. It is essential that the NPRS2 put in place a more rigorous and more effective implementation and tracking mechanism than the one that was previously used. Careful operational and budgetary tracking with the constant involvement of the regions and local institutions will be essential to success of the NPRS2.

Box 1: Recommendations of the Civil Society Organizations on the Revision of the NPRS

According to the Civil Society Organizations, improving the quality of the socioeconomic indicators and the living conditions of the most vulnerable segments of the population should be the primary objective of the poverty reduction strategy. With this in view, four operating principles should guide the preparation and implementation of the NPRS2.

**Priority for the poorest segments of the population.** The poorest people in Chad are those who live in rural areas and vulnerable groups in urban areas (the disabled, pensioners, women, homeless children, etc.). The effectiveness and relevance of the NPRS can only be assessed in terms of their fundamental needs.

**Good governance, as a measure of the success of the poverty reduction policy.** Governance reforms (public finances, democratic processes, decentralization, etc.), which are prerequisites for sustainable development, should be the subject of an agenda that is shared by all the partners and players concerned. A framework for dialogue on these topics should be established.

**The government budget is a measure of the political will for implementing the NPRS.** Implementation of the NPRS depends on the resources actually allocated to it. Owing to a lack of resources, the implementation rate for the NPRS1 was quite low. To guarantee sufficient appropriations for implementation of the NPRS2, a forward-looking budgetary framework should be prepared for the NPRS2 and included in the paper. A participatory mechanism for the implementation of the NPRS2 should be established with the participation of all players concerned.

**Involvement of the partners in the revision of international trade regulations.** Economic Partnership Agreements (EPA), such as the ACP-EEC agreements, included provisions in favor of the products of ACP countries in their statutes. The Cotonou agreements and WTO rules require the African countries to open up their markets, exposing them to competition that they are not yet able to face. These rules weaken the economies of these countries and particularly affect their rural producers.
Part 2:  
THE POVERTY REDUCTION 
AND GROWTH STRATEGY
The NPRS2 will be implemented in an environment that is different from that of the NPRS1 because it is less dominated by the growth of the oil sector. Although the major intersectoral priorities of the NPRS1 remain valid and will continue to be the focus of the government's concerns, the new context will require a reorientation of the government's economic and financial policies in favor of development of non-oil GDP and diversification of the Chadian economy.

**Political and economic context in which the NPRS2 will be launched**

The NPRS2 will be launched in a complex social, financial, economic, and political context. On the political front, the continued rebellion has created a climate of insecurity that is harmful to economic development and has led to a sharp increase in military spending. This situation is complicated by the Darfur crisis, which the neighboring countries and the international community are trying to settle, but as a result of which Chad continues to suffer adverse external effects.

Against this unfavorable backdrop, one positive development has been the signing— in August 2007— of a political agreement between the parties of the presidential majority and the democratic opposition and— in October 2007— of a peace agreement with the armed factions. However, in February 2008 an attack by rebel forces reached N’Djaména, weakening the peace process. Emergency measures taken by the government following the failure of the armed rebellion to re-establish order and restore the people’s confidence, and the firm commitment of the government to persevere in its pursuit of a political dialogue and application of the agreements, have allowed the Chadian people to hope for the rapid restoration of the security, peace, and freedom to which they have aspired for decades.

On the economic front, projections suggest that oil production reached its maximum level in 2005, the third year of development. Output even declined in 2006 and 2007, although this was offset by exceptionally high international prices, which were in turn offset by a sharp decline in quality. In the meantime, the Maïkéri field has begun to produce, explorations are continuing, and new fields will likely enter into production before the end of the period covered by the NPRS2. Nevertheless, it is difficult to be optimistic about probable trends in oil GDP, at least for the coming two years (2008-2009), and perhaps for the entire four years of the NPRS2. Moreover, on a market as volatile as the oil market, the possibility of a sharp decline in international prices, which would have a catastrophic effect on Chad’s economy and finances, should not be discarded.

Socially, the people’s expectations that oil production will transform their lives creates a multitude of pressures that are sometimes difficult to satisfy. In 2007 a long civil service strike ended when the government accepted the principle of a 15 percent increase in base salaries for civil servants. This increase—which was justified by price rises and the living conditions of the people—will add to the financial pressures resulting from the decline in tax and nontax revenues.

The economic and financial outlook for Chad provides a number of lessons for the definition of the main thrusts of the NPRS2. First of all, Chad should depend mainly on non-oil GDP for diversification, acceleration of growth, and mobilization of revenues. Second, the stabilization of public spending at a satisfactory but sustainable level will depend for a great deal on: (i) the success of efforts to improve the collection of non-oil revenues; (ii) a smoothing policy aimed at setting overall budgetary appropriations at annual averages determined on the basis of realistic medium-term predictions of the oil and non-oil revenues likely to be available to the government; (iii) the restoration of development assistance, focusing on the priority sectors; and (iv) a gradual increase in the share of public spending.
allocated to these sectors. Third, even if additional domestic or international resources can be mobilized, the economic and social impact of public spending will depend on program quality and the effectiveness of program implementation.

**Intersectoral priorities and the main strategic pillars of the NPRS2**

The current political and economic context does not fundamentally change the strategic choices that were made in the NPRS1, and this was in fact the main conclusion that could be drawn from the September consultations with representatives of grassroots populations. Completing what was begun, optimizing the reforms already undertaken, and improving the results obtained are thus the main priorities of the new strategy.

Good governance – that is to say, peace, security, an institutional, legal, and political environment favorable to economic growth, and the calming of political tensions – will do more for the buoyancy of the Chadian economy and the reduction of poverty than all the other economic and social components of the strategy. To that end, particular emphasis will be placed on government reform and the fight against corruption.

Economically, the development of the rural sector on which the majority of the poor depend remains one of the main priorities of all growth and poverty reduction policies, and the protection of ecosystems is essential to guarantee the rural population the sustainable resources on which their economic and social lives depend.

Rural development and economic growth are impossible without increased efforts to open up some of the high-potential regions of the country, to reduce transport costs, which hamper the development of market-oriented agriculture, and to establish basic infrastructure to support a more modern and more productive economy.

In the short and long terms, the development of human resources is a prerequisite for balanced social and economic development and the restoration of equal opportunities for all segments of the population. It is essential to plan a series of measures aimed at improving the status of women and better protecting vulnerable segments of the population: the victims of conflict, homeless children, the disabled, and all those who do not have the means to control their own destinies.

The government's economic growth and development policies in the context of the NPRS2 will place particular importance on the creation of an environment favorable to diversified economic growth that can reduce poverty. Promoting job creation will be one of the main priorities of the government. This new strategic pillar will be the second pillar of the new strategy, following improved governance. In short, the pillars will be:

Pillar 1: Promoting good governance to strengthen social cohesion and the effectiveness of policies

Pillar 2: Creating an environment favorable to robust and diversified economic growth

Pillar 3: Enhancing the growth potential of the rural sector

Pillar 4: Developing infrastructure as a driver of growth

Pillar 5: Developing human resources
Chapter 4. Promoting good governance to strengthen social cohesion and the effectiveness of policies

Promoting good governance first of all involves improving the management of the political system and the democratic process. It also consists of taking measures to consolidate social peace and ensure the security of persons and property. It is reform of administrative management to enhance the effectiveness of government services, particularly basic services. It involves the establishment of an effective judicial system that is accessible to the people. It means combating corruption and promoting transparency. Finally, it involves adopting a policy that broadly involves all of the government's partners, including civil society institutions, in the management of public affairs.

4.1 Consolidating political governance

4.1.1 Maintain a constructive political dialogue and strengthening the democratic process

Measures taken in the 1990s to establish a pluralistic democratic political system have not yet produced the anticipated results. Recent discussions between the parties of the presidential majority and the opposition led to the signing of political agreements in 2007, the aim of which is to define a series of measures to consolidate the democratic process. These measures include, in particular: (i) revision of the electoral laws and criteria guiding the definition of electoral districts (number of elected officials proportional to the number of inhabitants represented); (ii) equality of treatment of the various parties in terms of access to public funds and the media; and (iii) guarantee of the safety of all candidates in their travels throughout the country.

The agreements are important and their application by all parties concerned will ensure transparency in the democratic process, restore a climate of confidence among the main political players, and facilitate the participation of all in the electoral process.

4.1.2 Prevent and resolve conflicts – Consolidate peace

Political conflicts have many causes. Sometimes these conflicts are rooted in social exclusion or in traditional disputes that pit certain communities against one another. Injustice and arbitrary decisions are also the cause of many conflicts. Dialogue is the only way to understand the reasons why such conflicts arise, and to prevent or resolve them.

The Chadian government has undertaken to ensure that the principle of equal rights and duties of all citizens is respected and to ban all forms of discrimination, abuse of power, and injustice. It will strive to restore the credibility of the judicial system by strengthening the independence and professionalism of judges and by respecting the authority of the judge and the legal force of judgments.

The role of the army is to maintain the country's security against all attacks, whatever their source. The government hopes that the recent political agreements will put an end to decades of armed conflict. In this context, the government will immediately take the following...
measures: (i) scrupulously apply the commitments undertaken in the context of the agreements reached to consolidate peace and prevent the resumption of combat; (ii) implement the conclusions of the States General of the Army to reduce strength, to better control troops, and to make the military forces more professional; (iii) improve soldiers’ living conditions and rationalize the use of the armed forces; and (iv) organize the quartering of troops in strategic locations. Apart from the advantages in terms of the deployment of military units, quartering will reduce direct contact with the civilian population and the intervention of the military in the management of urban and rural security.

Strengthening the capacity of the police and gendarmerie to intervene is also a priority in strengthening the rule of law, which is essential to the restoration of confidence in Chad’s relations with its economic and social partners.

The conclusion of the peace agreements will require the resumption of programs to demobilize and reintegrate combatants, which were tested in the 1990s with mixed results. The following box summarizes this experience and describes ways of improving its effectiveness.

**Box 2: Demobilization and Reintegration Programs**

In the 1990s, the Chadian authorities sought to restore civil peace by collecting weapons of war in the hands of the civilian population and reducing the size of the army by implementing a demobilization program. Between 1992 and 1997, more than 27,000 combatants were demobilized and in 1999-2000, a Pilot Project for the Reintegration of Demobilized Soldiers (PPRMD) was implemented. Project implementation was assigned to a National Reintegration Committee (CNR), which was also responsible for assessing the social integration of demobilized soldiers.

Owing to the modest resources provided, only 2,777 demobilized soldiers were reintegrated. With the agreement of the Roads Directorate, the CNR was also successful in having some soldiers manage rain gates. In principle, the pilot project was intended to lead to a larger scale project, but this did not happen.

Overall, the results of the operation were not very satisfactory. The funds granted were probably insufficient. The delays between demobilization and the beginning of the reintegration were much too long. Surveys of the demobilized soldiers showed that their situation was very precarious and that many now fell into a high-risk social group. Left to themselves, they were frequently hired by those fomenting rebellion.

The failure of the first attempt does not mean that the concept should be abandoned. The government believes that in the long term much more ambitious demobilization and reintegration programs should be launched to accompany the implementation of the peace agreements. The success of such programs will depend in part on the strengthening of the CNR, which must have more resources to supervise the demobilizations and reintegrations and to ensure that there is follow-up with the demobilized soldiers. It is essential to: (i) adopt the law governing the reintegration of demobilized soldiers; (ii) provide the CNR with a procedures manual to define its operations and its financing methods; (iii) conduct a systematic census of all demobilized soldiers and create an up-to-date database by region, department, subprefecture, and canton; (iv) compile a directory of NGOs and development projects that could provide training or reintegration for demobilized soldiers; (v) give preference to demobilized soldiers in labor-intensive projects and security guard services; (vi) organize information and awareness-raising campaigns for possible candidates; and (vii) establish records for tracking and assessing projects under way.

4.1.3 End intercommunity conflicts

The proliferation of weapons of war distributed to the civilian population by armed factions transforms the almost permanent economic and social conflicts that pit certain communities against one another into violent confrontations. The disputes between farmers and livestock herders are one of the sources of these conflicts, which threaten the civil peace. Several factors explain this situation.
First of all, population growth forces farmers to expand the number of hectares under cultivation. The increase of livestock, recurrent droughts, and the lack of water points and pasture encourage transhumants to descend to the Sudanian zone much earlier in the year, before the harvest has been completed. All of these factors intensify the competition between livestock herders and farmers for the use of arable land and pasture resources. In addition, ancient laws define transhumance corridors and codify the rights and duties of the parties. However, these laws are ill-suited to the current situation and do not define transhumance corridors clearly enough. Finally, the intervention of officials who are unaware of traditional rules complicates the management of quarrels that the traditional authorities used to be able to resolve amicably. Today the traditional chiefs have lost the necessary authority to arbitrate such conflicts.

Several measures will be taken to prevent and settle these disputes. First, the government will update the legislative framework. As well, it will promote effective conflict resolution mechanisms involving traditional authorities.

Conflicts between farmers and livestock herders are not the only conflicts that threaten public order and the civil peace. Altercations between individuals in urban centers often degenerate into intercommunity conflicts. The police are too slow to intervene (too often they wait until the disputing parties request their involvement) and are not always disinterested. Moreover, pending a complete overhaul of the justice system, citizens seem to mistrust the ability of the courts to handle cases and arbitrate conflicts rapidly and equitably.

A National Ombudsperson was created following the National Conference of January 1993. Its main role is to facilitate the resolution of conflicts between citizens and government services, but it can also intervene to solve other disputes. Measures will be taken to strengthen the authority of the National Ombudsperson, expand its jurisdiction, and provide it with the resources it needs to intervene effectively and independently throughout the country.

4.1.4 Ensure the security of persons and property

In the context of almost permanent military and political conflicts and intercommunity disputes, which explode into violence, the security of persons and property is extremely precarious. Chadians are constantly exposed to urban and rural banditry, which threatens their lives and their property. In such an environment, undertaking entrepreneurial, production, processing, and marketing operations is very risky, and the economic development of the country is one of the ultimate victims.

Aware of the importance of this challenge, the government plans to take appropriate measures. In addition to applying the recommendations of the States General of the Army (specifically the quartering of troops), the government will take action in three areas:

- increase the capacity of the gendarmerie to better maintain domestic security, particularly in rural areas;
- completely reform the police force and strengthen its authority by substantially increasing its human resources, providing personnel training and increasing its logistical resources, and organizing community-based policing;
- implement a series of measures aimed at eliminating impunity and restoring confidence between the civilian population and law enforcement agencies.
4.1.5 Streamline the management of refugees

Since 2003, the conflicts in Sudan (Darfur) and the Central African Republic (CAR) have led to a massive flow of refugees into Chad. By 2007, there were more than 220,000 refugees from Darfur (60 percent of whom were under the age of 18) and 40,000 from the CAR. In addition, 5,500 refugees have come from other countries, such as the Democratic Republic of the Congo, Liberia, Sierra Leone, and Rwanda. Although the Sudanese and the Central Africans settled in the eastern and southern regions of Chad, in areas close to their countries of origin, the other refugees live mainly in urban centers.

Management of the refugees is primarily the responsibility of the local authorities, supported by the central government. The Chadian authorities have therefore had to step up their efforts to deal with the nutritional and health problems of these refugees.

Aid from the international community is often slow to arrive. Initially, it applied only to foreign refugees, and not to the 150,000 Chadians who are displaced internally (including thousands of children). Living in regions close to the Sudanese border, they have also been affected by the Darfur conflict and internal conflicts and have found refuge in other parts of Chad.

Humanitarian aid has made it possible to partially solve the main problems of the flow of refugees on a timely basis: food, housing, health care, etc. Moreover, U.N. and European Union forces will intervene to ensure the safety of the refugees and the Chadian population along the border with Sudan.

The government plans to create an interministerial structure that will be responsible for defining and implementing appropriate measures to better manage the problem of the refugees and displaced persons. This will first of all involve closely monitoring the changing political situation in neighboring countries in order to anticipate the consequences of a possible inflow of refugees. It will also involve establishing a committee that will be responsible for organizing the reception of these refugees. Finally, the budget will provide special appropriations for the management of refugees and displaced persons to enable the Chadian services to react rapidly in the event of a crisis, pending the arrival of possible international aid.

4.1.6 Continue demining operations

With more than 1 million landmines and over 2 million unexploded ordnances (UXOs), Chad is one of the most heavily mined countries in the world. In 1998, the government created the National High Commission for Demining (HCND) and in 2002 adopted a National Strategic Plan to Combat Landmines and Unexploded Ordnances.

In 2000-2001, an impact study conducted by the NGO Handicap International showed that 23 of Chad’s 28 departments and 249 communities were contaminated with landmines and UXOs, with 1,688 victims in two years. In most of these areas, the presence of landmines and UXOs blocked access to pastures, croplands, roads, water points, and housing. In total, almost 45 percent of the Chadian population lived in contaminated zones. The poorest segments of the population and most deprived regions were most affected by this danger. The National Strategic Plan to Combat Landmines and Unexploded Ordnances therefore had a role in the poverty reduction strategy.

The demining operations, which were begun in 2000, have had positive results. Out of 1,081 contaminated km², 616 km² have been demined and cleared. However, following the events of 2006, the situation once again deteriorated with the appearance of a new generation
of unexploded ordnances, leading to a sharp increase in the number of victims. Today it is estimated that 669 km² outside Tibesti are contaminated, and the number of victims is steadily increasing, mainly children.

The demining methods used have proven effective. For the future, the first priority is to stop the use of landmines on Chadian territory. A possible stabilization of the political situation will make it possible to meet this first objective. The second priority will be to give the HCND the necessary resources to perform its work, with the help of the international community.

4.2 Improving administrative governance

4.2.1 Continue the reform of the civil service

The administrative reform consists of three key measures: (i) reform of the general civil service regulations; (ii) creation of a database on civil servants; and (iii) audits and reorganization plans for key ministries.

The new civil service regulations, which were adopted in 1999, introduced: (i) a classification of civil servants by professional category to which specific regulations apply; and (ii) the sound principle of competitive recruitment and merit-based promotion. The preparation of implementing decrees and other measures has been difficult. In 2006, government employees were classified in the new wage scales, but implementation of the new classification did not begin until 2007. The thrust of the reform was well-received by unions, although challenges are still ongoing regarding wages.

Creation of a database for the entire civil service, which was delayed by technical problems, was not completed until 2006 and adjustments and improvements are still needed. Managed jointly by the Ministry of the Civil Service and the Ministry of Finance, this database is important to ensure consistency in the management of personnel (by the Ministry of the Civil Service) and of the payroll (by the Ministry of Finance).

The government has undertaken to give high priority to the implementation of the reform plans for the ministries for which institutional audit reports are available.

4.2.2 Implement the devolution and decentralization policy

The devolution policy has grouped local and regional government services into 18 regions, 57 departments, and 252 subprefectures. The aim is to bring government services closer to the population and to prepare for decentralization. The most important issues currently are: (i) to give the new entities the human, financial, and physical resources that they need to fully perform their functions; and (ii) to head them with managers who have experience in managing personnel and public affairs.

In the area of decentralization, the next step is to implement the laws and regulations and master plan already adopted, to organize the much delayed local elections, and to give local communities the resources and support they need to perform their functions.
**Box 3: A review of the current territorial administration**

The findings set out in the report of the Parliamentary Commission of Inquiry on Territorial Administration published in May 2007 are:

- The borders of the newly created administrative units have not been controlled, constituting a handicap for territorial jurisdiction of the justice system.

- Among the newly created administrative structures, 52 departments (out of 57) and 202 subprefectures (out of 252) have been created in compliance with the basic laws, particularly the Constitution and Decree No. 01/PR/2003 of 09/08/2003 creating the decentralized territorial units.

- The appointment of leaders has not been in compliance with the regulatory provisions set by Decree No. 32/PR/CSM/INT/SEC 01/27/1976 and Decree No. 901/PR/MFTE/2006 establishing the specific regulations governing the civil servants responsible for territorial administration. As a result, it was determined that only 12 percent of the 426 leaders were professionals; nonprofessionals represented 36 percent, military personnel 26 percent, political figures 3 percent, and the remaining 23 percent were individuals with no professional experience.

### 4.3 Accelerating the reform of the justice system

In June 2003, the States General of Justice identified the main problems hampering the proper operation of the judicial system. A follow-up committee was created to monitor implementation of the recommendations of the States General. In February 2005, the government adopted a Justice Reform Program (PROREJ). In addition to the updating of the legislative framework, which was ill adapted to the new Chadian situation, the PROREJ program had four objectives: (i) better protection of human rights; (ii) increased staffing to create a more effective justice system that is more accessible to petitioners; (iii) provision of the equipment and infrastructure needed to ensure the proper operation of the courts (justices of the peace, appeals courts, commercial courts); and finally (iv) an information, education, and communications program to better inform petitioners of their rights and duties.

The reform is making slow progress. The methods used in recruiting judges and clerks are not satisfactory and some judges do not have the required competence. The disbursement of funds needed for training personnel and constructing appeals courts is much too slow. The lack of correctional facilities that are up to standard is a serious obstacle to the proper implementation of the reform. Finally, decisions handed down are not always applied. Under these circumstances, some Chadians prefer to have recourse to parallel judicial systems.

The government is aware that reform of the justice system is extremely important to stimulating investment and protecting the poor against injustice and exploitation. The promotion of private investment, and therefore economic growth, depends for a great deal on a judicial system that is able to understand and settle disputes relating to business law. The creation of commercial courts and the training of competent judges has begun, and implementation of this program will be stepped up.

Justice will remain ineffective as long as petitioners must travel hundreds of kilometers several times a year to be heard and as long as they must wait many months before the judge’s verdict is handed down. Gradually installing justices of the peace in all subprefectures and giving judges the resources to act rapidly and impartially will therefore be one of the government’s priorities. Another way of organizing community-based justice would be to install itinerant or circuit appeals courts, thus helping to introduce community-based justice. The government will study this possibility.

The next step will be to define the timetable and budget for these reforms. Their implementation is one of the areas in which civil society can play an important role,
particularly in assessing progress made and the impact of the reforms on the lives of the people.

4.4 Strengthening economic governance

Strengthening economic governance requires: (i) continuing efforts to combat corruption and promote transparency; (ii) strengthening the participation of civil society and; (iii) promoting a development culture.

4.4.1 Continue efforts to combat corruption and promote transparency

In recent years, several institutions using various (sometimes debatable) methods have classified Chad among the most corrupt countries in the world. Corruption in Chad shows up at various levels and in different forms. It exacerbates fiscal difficulties by depriving the government of a not insignificant portion of customs and tax revenues and is a major obstacle to poverty reduction efforts.

Steps taken by the government to combat corruption and promote transparency have until now emphasized strengthening the institutions responsible for public procurement, tracking expenditure, and collecting revenues. A Ministry for General Oversight of Government and Ethics was created in 2004. These efforts will be stepped up and supplemented by a program to consolidate transparency in the management of government resources. This program will benefit from the experience acquired by various agencies and directorates in recent years in Web posting. The priority given to Web publication of quarterly budgetary execution reports and audit reports will be maintained.

To ensure wider access to information, the government also plans to post on the Web such documents as the budget law, the cover memorandum, the annexes and appropriations distribution decree, the annual budget execution reports, and the budget review law; all calls for tenders and associated documents, and the quarterly reviews of calls for tenders for which contracts have been issued; all regulations, laws, timetables, and other information on customs and taxation that should be provided to the public; the Official Gazette; summary reviews of public spending by the sectoral ministries; products and individuals likely to benefit from tax or customs exemptions; summaries of reports issued by the Ministry for General Oversight of Government and Ethics; and various other relevant documents.

4.4.2 Encourage the participation of civil society

Significant progress has been made in the development of partnerships, particularly with civil society. The government has encouraged the creation of the Organization of NonState Actors of Chad (ONSAC), the purpose of which is to strengthen relations between the public authorities and local associations. Most operations financed by donors involve national NGOs and other local partners in the implementation of development projects and programs.

Many joint decision-making and supervisory bodies have been created to better understand and take account of the concerns of the grassroots population. Some examples are the steering committees for the National Good Governance Strategy (SNBG) and the NPRS, the Road Maintenance Fund (FER), the Oil Revenue Oversight and Control Board (CCSRP), the Steering Committee of the Sectoral Project in Support of Farmers Organizations (PSAOP), and the Project in Support of the Development, Programming, and Monitoring of Rural Policies (PAEPS), etc.
The government hopes to rely on civil society to give the people, and particularly users of government services, the means to make their voices heard and to influence public management. Civil society organizations, which are often located in regions and villages and are supported by communities, can intervene effectively in the assessment of government services at the local level, verifying both that the spending takes place where it should and that the quality of services is appropriate. Similar experiences in other African countries have given satisfactory results. The government will encourage such initiatives.

Measures already taken to involve civil society in the design of reforms and management of social and economic development programs should therefore be continued and expanded. The following measures are planned:

- enhance civil society’s capacity to improve its knowledge of the financial and economic policy options and expand its experience of the management of priority poverty reduction sectors;
- systematically involve representatives of civil society and the social partners in the steering committees for economic and social development projects and programs;
- pay particular attention to the specific needs of users of services in outlying areas, who are very often the poorest segments of the population, and ensure that these people are able to monitor, evaluate, and criticize the implementation of budgets, projects, and programs affecting their communities;
- promote the role of civil society in the assessment of programs and their impact on the population.

4.4.3 Promote a development culture

Political developments in Chad in recent decades have been marked by chronic instability as a result of armed conflicts, deficient government, a lack of respect for law and order, and systematic recourse to violence. One of the results of this has been recurring antisocial behavior, in terms of both despoiled or wasted public goods and relations between citizens. The development programs undertaken by the government and its partners will be successful only if the recipients take ownership of these programs and ensure that they last. It is therefore important to promote a development culture that will help to anchor the programs of the NPRS2 in the communities. This will involve combating reactionary attitudes and promoting the learning of new behaviors favorable to sustainable development.

It is the public sector that must set the example in this area. The professional and ethical integrity of those who govern and of governments is a model for the behavior of all of the country’s inhabitants. However, the reform of attitudes will be no more than skin deep unless grassroots community leaders accept this goal as the main focus of their actions and the raison d’être of their leadership.
Chapter 5. Creating an environment favorable to robust and diversified economic growth

Sustainable growth is the essential prerequisite for social progress and poverty reduction. In the case of Chad, it requires the development of a diversified economy that is less vulnerable to the external and domestic shocks that have long dominated the economic life of the country and that is capable of creating jobs. To that end, the government intends to continue its vigorous actions in five areas: (i) development of the oil sector; (ii) diversification of the sources of growth; (iii) promotion of the private sector; (iv) job creation to attack poverty; (v) enhancement of macroeconomic and financial policies to consolidate macroeconomic stabilization; and (vi) implementation of a trade policy that emphasizes the promotion of investment and exports as well as regional cooperation.

5.1 Facilitate development of the oil sector

Despite its not insignificant hydrocarbon resources, Chad faces a number of major difficulties in the development of this sector, which could significantly benefit the economy as a whole.

One of the main constraints is the lack of direct access to a port, which makes the price of imported oil products very high. This situation is aggravated by the lack of adequate infrastructure and by inefficient domestic logistical resources, which affect both the reliability and the quality of refined products. As well, there has been a decline in private sector investment in the further development of hydrocarbon resources. Without such investment, there will be no further growth in the sector and there could be an inevitable decline as oil fields are exhausted.

The current institutional capacity for managing the sector and planning and guiding its activities is very limited, which affects the ability of the government to control the sector and obtain the best financial results for the economy.

To facilitate the sustainable development of the oil sector, the long-term sectoral strategy will follow the following basic guidelines: (i) ensure regular development of the country's hydrocarbon resources to obtain a flow of profits from the duties and taxes collected; (ii) provide attractive tax benefits for foreign investment during the planning period while maximizing economic rents for the government; (iii) minimize the cost of oil products for companies and households, without recourse to government subsidies; and (iv) protect the environment while developing the sector for the benefit of the country.

These objectives cannot be achieved immediately because of the constraints facing the country. The government will gradually eliminate these constraints through policy measures that will be introduced over the next four years in the context of the reforms planned for the implementation of its sectoral policy.

In the short term, the main objectives are to: (i) increase net flows from oil activities toward the government in order to significantly reduce poverty; and (ii) enhance institutional capacities to ensure effective and efficient tracking and regulation of the sector.

A review of the existing institutional framework (oil and environment) will make it possible to define clear responsibilities for implementation of the sectoral strategy and to develop synergies among the various government entities.
To facilitate the transfer of technology and gradually improve the country’s economic rents, the government has created the Chad Hydrocarbons Company (SHT). The strategic role of SHT will place particular emphasis on the definition of objectives and the establishment of adequate management mechanisms. Direct participation in oil development activities will be designed in such a way as to limit risks. This will be particularly important during SHT’s initial years of operation, when the company will have to develop its technical, commercial, and personnel management capabilities.

Recognizing the importance of investing in human capital, the government will adopt a capacity-building and targeted training policy for its employees, with particular attention to upstream and downstream technical, commercial, tax, legal, and environmental issues. Through its capacity-building and training policy, the government aims to strengthen its competence in the design of sectoral policies, to ensure that the most appropriate conditions are in place for the development of its natural resources, and to supervise and track activities at all levels.

In compliance with its commitments, the government will continue and step up its efforts to provide accurate information on the country’s oil activities to Parliament, civil society, and the development partners. In this connection, the government has endorsed the criteria and principles of the Extractive Industries Transparency Initiative (EITI) and plans to design and quickly implement public information procedures on oil revenues in line with these principles and criteria.

5.2 Promote subsectors that will boost more diversified growth

Whatever the hopes that the government is pinning on the outlook for the oil sector, this sector cannot be the only or even the main engine of future growth for the national economy. The uncertainties that remain about the size of accessible reserves, the constant fluctuations in international markets, and the need to promote a type of growth that is better able to influence revenues and living conditions in the poorest regions and for the poorest segments of the population argue in favor of a diversified growth policy.

It is with this goal in mind that the government has undertaken a study on the sources of growth, which has identified a number of promising subsectors capable of supporting the expansion and diversification of the national economy. These subsectors do not alone represent all of the country’s development opportunities, but they clearly show that Chad has substantial potential that should be systematically promoted and exploited.

The study on the sources of growth has identified three types of promising subsectors based on the rapidity with which they can be developed and influence the economy's growth. The most interesting for the short term are the first-generation subsectors, the development of which does not require major reforms or large amounts of investment, and which consequently can produce growth during the four years of implementation of the NPRS2.

Next are the second-generation subsectors, the development of which will require reforms and investment to overcome the obstacles to their full development. The development of these subsectors will most likely not have a major impact on the country's output and exports during the period 2008-2011, but it is important to support them now so that they can take over from the first-generation subsectors in 5 to 10 years.

The expansion of the third-generation subsectors is temporarily blocked by serious structural constraints, and may therefore depend on major reforms and large investments to reduce or eliminate these constraints. These subsectors will play an important role in the economic
development of Chad in the much longer term. However, they should be taken into consideration in the government’s long-term strategies. Table 5.1 summarizes the classification of these three types of subsectors.

**Table 5-1: Typology of growth subsectors**

<table>
<thead>
<tr>
<th>Generation</th>
<th>Growth Subsector</th>
<th>Development Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>First generation</td>
<td>Cotton, groundnuts, fruits and vegetables, cattle on the hoof,</td>
<td>1 to 5 years</td>
</tr>
<tr>
<td></td>
<td>gum arabic, sheanuts, road transport, information and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>communications technologies</td>
<td></td>
</tr>
<tr>
<td>Second-generation</td>
<td>Drought-resistant grains, irrigated rice, roots and tubers,</td>
<td>6 to 10 years</td>
</tr>
<tr>
<td></td>
<td>leather and hides, white meat, energy, tourism, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>handicrafts</td>
<td></td>
</tr>
<tr>
<td>Third-generation</td>
<td>Sugar, tobacco, beef, fish, blue algae, river transport, and</td>
<td>More than 10 years</td>
</tr>
<tr>
<td></td>
<td>mining</td>
<td></td>
</tr>
</tbody>
</table>

This table confirms the importance of rural development and basic infrastructure as key elements of sustainable growth capable of reducing poverty. Six of the first-generation subsectors and five of the second-generation subsectors are in the rural sector. Road transport, information and communications technologies, and energy are also among the main first- and second-generation subsectors. The outlook for most of these subsectors will therefore be looked at in the context of the analysis of sectoral strategies for rural development and infrastructure development.

It should be stressed, however, that the subsectors selected have the merit of being possible instruments for balanced development of the various regions of the country: cotton in the south, gum arabic in the north, groundnuts and livestock throughout the country. Moreover, they include traditional and more modern activities that are capable of promoting sustainable development over the long term. Finally, they will contribute to the creation of new jobs, with an important impact on poverty.

Nevertheless, the country’s development policy will not be limited to the promotion of these subsectors. A more integrated approach covering all of agriculture, livestock, and major economic and social infrastructure is required to produce a sustained and adequate rate of growth that can reduce poverty.

**Box 4: Developing the Subsectors and Ensuring Their Impact on Employment**

Although quantifying the potential impact of the first-generation subsectors on employment requires a great deal of data, it is possible to estimate the extent of their impact for the next five years, at least for the most important subsectors.

**Cotton:** Data on variations in cotton output in the past indicate that a lack of reform in the sector would result in a decline in production of about 25 percent in five years. At 100 working days per hectare multiplied by 200,000 hectares, the result would be a reduction of 5 million working days, approximately the equivalent of 50,000 jobs in the full growing season, not including the loss of jobs in collection and processing.

**Groundnuts:** Groundnut production has reached approximately 400,000 tons per year. With yields of between 750 and 1,000 kg per hectare, the land allocated to this crop totals at least 400,000 hectares. Groundnuts require approximately 80 working days per hectare per year. With a 25 percent increase in production, which is quite feasible, 80,000 jobs could be created in zones in which the growing season is shorter than in the cotton zones.

**Livestock:** Studies show that livestock raising is an activity that requires a great deal of work throughout the year. Today, with 7 million head of cattle, almost 5 million persons depend on this sector, at least 25 percent of whom, or 1.25 million, are laborers. The potential to expand the sector through the construction of new water points is 2.4 million to 4.7 million tropical livestock units (TLU). Assuming that cattle could increase 10 percent in five years, this would imply the addition of 125,000 jobs.

**Road transport** is a very urgent priority. It can contribute a great deal to job creation, not only directly through...
the recruitment of labor for the construction and rehabilitation of roads, but also and even more through its contribution to the development of the agricultural sector. Based on the current state of the communal road infrastructure, the construction and rehabilitation of dirt roads will not contribute a great deal to employment in the next five years.

Very limited data are available to serve as the basis for estimating the job creation potential of the information and communications technologies (ICT) subsector, especially for the next five years. Nevertheless, an ICT project in Ghana has been estimated at 37,000 jobs, indicating not insignificant future possibilities.

In total, therefore, it is possible to estimate that the above subsectors could directly contribute approximately 300,000 new jobs in the coming years. The contribution of the gum arabic and sheanut subsectors is more difficult to estimate but it will probably also be important. Moreover, it will have an indirect effect on employment in that for each job created there will be an increase in demand for other goods and services, which will lead to additional jobs. Many studies indicate that in the rural sector this multiplier is on the order of 1.5, meaning that the direct creation of one job will lead to the indirect creation of 1.5 additional jobs. The total effect in Chad will therefore be on the order of 750,000 new jobs, with an important impact on poverty.

5.3 Make the private sector the engine of growth

The diversification of the Chadian economy, development of modern agriculture and livestock techniques, distribution of inputs, marketing and processing of products, development of services, establishment of effective transport systems, promotion of ICT, financial innovation – in short, everything on which the future of the Chadian economy depends – requires not only on public sector initiatives, but also, and above all, the expansion of the private sector, from the smallest enterprises in the informal sector to large companies capable of operating at the national and international levels.

The Chadian private sector includes a small number of large enterprises operating in industry (breweries, sugar mills, cigarette manufacturers, etc.), construction and public works, services, (particularly mobile telephony), and now oil, as well as SMEs (in the agrifood sector, construction materials, and arts and crafts), and finally small companies in the informal sector, by far the most numerous and involved in extremely diverse activities in small-scale production, small-scale trade, and small-scale services.

5.3.1 The informal sector and SMEs

The informal sector is important, particularly in that it alone is capable of providing a large number of small-scale jobs for a relatively unqualified labor force. However its development is hampered by numerous difficulties: high cost of supplies, low technical advancement of companies and lack of equipment, substantial competition from Nigerian and Cameroonian industries, and difficulties with access to credit.

For SMEs as well, the cost of and problems accessing credit constitute a major problem, as does the difficulty in providing the security that banks require for lending. Consequently, these enterprises have recourse mainly to self-financing or mutual aid systems that limit their ability to invest in large-scale projects.

5.3.2 The formal sector

Operators in the formal sector believe that the development of their activities is hampered by an unfavorable business environment. They mention bureaucratic delays, deficiencies in the legal framework and judicial system, a burdensome and complicated tax system, and delays in the payment of invoices and accumulation of arrears on payments owed by the public and parapublic sectors. They also mention corruption and illegal levies on enterprises, the
problems of access to credit and the cost of credit, the cost and inefficiency of infrastructure, particularly transport and energy, poor management of public enterprises, and many other barriers caused at least in part by public sector actions – or the lack thereof.

At the same time, they recognize that Chadian entrepreneurs have a great deal to learn to improve their management, modernize their computer and accounting systems, mobilize resources, and create partnerships that will enable them to expand their area of operation and optimize their activities.

5.3.3 Priorities

Based on this analysis of the constraints to the expansion of the private sector (formal, informal, and SMEs), the government has set the following priorities:

**Establishment of a permanent framework for dialogue between the government and the private sector** to better understand the aspirations of the sector, incorporate them in government policies, and resolve the practical problems affecting specific activities.

**Reform of the legal framework.** This involves in particular reviewing commercial legislation and fully applying the OHADA laws. In this context, the government also intends to prepare and approve a property law that is consistent with the law on contracts. The reform of the justice system and development of competent commercial courts are also part of this reform plan.

**Simplification of the tax system and reform of customs** both to increase the government's resources and to facilitate the life of enterprises by eliminating arbitrariness, fraud, and corruption.

**Reform of the investment code.** A law on the National Investment Charter, in compliance with CAEMC regulations, and a law creating a National Investment and Export Promotion Agency were adopted by the National Assembly in December 2007. The purpose of the charter is to modernize customs and tax benefit systems and other incentives to private investment. This charter will be implemented and the private investment incentive systems will be modernized. Based on a public/private partnership, the National Investment and Export Promotion Agency is establishing a one-stop shop for private investment.

**Transparency in public procurement procedures** to promote the development of the formal sector based on fair competition among all economic agents. The execution of contracts, payment of invoices by the due dates, and clearance of domestic arrears will have an important impact on the financial viability and vitality of enterprises and the future of their relations with the public sector. In this regard, a Prime Ministerial decree established a one-stop shop for the awarding of public contracts in November 2007.

**Infrastructure development,** particularly transport and energy, reform of the civil service, and rehabilitation – and, if necessary, privatization – of public enterprises, particularly STEE and SOTEL.

**Capacity-building for entrepreneurs,** particularly by promoting access to modern management methods and technologies.

To resolve the financing problems of SMEs and the informal sector, the government and its partners will study the possibility of combining a capacity-building program for SMEs with bank financing based on enhanced guarantees, including a possible guarantee fund mechanism supporting transparency and improved management efforts on the part of SMEs participating in this program.
For enterprises in the informal sector, microfinance, including microcredit, is the main method of mobilizing savings and financing activities. In 2005, the Central African Banking Commission (COBAC) identified 214 microfinance institutions that focused on providing credit to the poorest segments of the population. However, these institutions – concentrated in the Sudanian zone – are facing major problems (default rates) that hamper their expansion and jeopardize their financial autonomy. The government, with the support of NGOs and the international community, will evaluate the existing systems and develop a realistic strategy for promoting microfinance throughout the country. Some national and international NGOs are beginning to reflect on ways of expanding their activities to other types of recipients in their areas of activity. A national strategy based on the joint effort of public authorities and NGOs would make it possible to access more areas of the country and diversify the products and recipients. Moreover, an expansion of financial systems, particularly by revitalizing postal checking centers, would facilitate the financial life of nongovernmental institutions located in the regions.

5.4 Promote employment to attack poverty

The private sector must become the main creator of jobs. However, the Chadian private sector is structurally fragile and still too small to be able to absorb the steady flow of labor arriving on the labor market. This contributes to the emergence of the informal sector where the majority of job seekers are found. The informal sector has expanded spectacularly in recent years owing to the difficulties that young people face to enter the modern production circuit. Moreover, the essentially rural nature of the Chadian economy determines its structure and its operation, and the labor market is strongly affected by this. Unless the opportunities afforded by the development of the Doba oilfield (2002-2004) are seized, Chad today faces a twofold challenge: (i) dealing with a rural population that has a great and growing need for jobs owing to population growth and (ii) creating activities for rural inhabitants in order to contain the extreme pressures of large-scale urban drift.

Despite the efforts made by the government to reduce unemployment, paid jobs continue to be scarce, both for the job seekers without qualifications and for graduates of educational programs.

5.4.1 Main constraints affecting the labor market

For many years, delays affecting workers’ entry into jobs have become much longer and job entry has become more difficult for a number of reasons: fewer available jobs, mismatch between training and employment, and weak investment climate. The combination of these factors creates itinerant workers, who fall ever further from the traditional model of direct or rapid access to stable employment. The institutional environment in which young people can enter the labor market presents numerous difficulties and unique characteristics:

First of all, although education and training, which are important factors for employment, have undergone several reforms, serious deficiencies remain: (i) lack of orientation procedures for education and training; (ii) lack of synergy and interaction between the professional world and the education system, which leads to a mismatch between the training provided and the needs of the economy; and (iii) few opportunities for continuing education. The first two weaknesses seem to influence hiring decisions by employers. Furthermore, many economic agents show their preference for graduates of short vocational training programs (the Trade Proficiency Certificate (CAP), the Advanced Technicians Diploma
(BTS), the Technology University Diploma (DUT)) rather than for graduates of the university system.

In terms of public employment services, the National Job Promotion Office (ONAPE), which is responsible for implementing public policies in the area of employment, has serious problems, particularly a lack of transparency and political interference in its affairs, which have made it lose credibility in the eyes of most job seekers.

Finally, the existence of private placement offices is currently creating serious problems for the management of the labor market as they do not operate in an integrated framework and frequently work in violation of laws, regulations, and labor conventions.

Overall, because of the rather moderate growth of the modern sector, the pace of job creation is quite slow, well below the rise in the demand for jobs. As a result, unemployment has declined little.

5.4.2 Job promotion strategies

To remedy the rather weak job creation in the various sectors of the economy, an unemployment policy paper was prepared and adopted in April 2002 (National Employment Policy Statement). The strategy includes three priority objectives:

- reduce unemployment and underemployment by stepping up activities in rural and urban areas;
- improve the labor supply by adapting training to the needs of the economy;
- inform and guide the labor market.

Considering the vast scope (economic, legal, institutional, organizational, and social) covered by the employment policy, it far exceeds the direct responsibilities of the single ministry in charge of employment. Achievement of these strategic objectives depends on implementation of the following priority programs: (i) improvement of the legislative, institutional, organizational, and social context of employment; (ii) introduction of a labor market management and information system; (iii) promotion of jobs for young people in rural and urban areas; (iv) development of human resources, employability, and vocational training; and (v) integration of gender issues in development programs and policies.

A) Improvement of the legislative, institutional, organizational, and social context of employment

One of the objectives of the national employment policy is to make the overall environment favorable to the expansion and development of the productive system, which generates jobs. The government therefore plans to take measures to improve the legal context in which businesses operate, the social context of labor, the system of social dialogue, and the social welfare of the people.

Legal context in which businesses operate

In general, the improving the legal context in which businesses operate involves fully applying the OHADA laws, implementing the investment charter, and ensuring transparency in procurement procedures. These various steps, which are part of the promotion of good governance, will make it possible to standardize legal and regulatory approaches to better ensure that promising sectors and subsectors are able to thrive and to remove some of the barriers to the development of the private sector, particularly in the area of business start-ups and customs procedures.
Social context of labor

Improving the social context of labor is one way of ensuring the principle of "decent work." It consists of strengthening the organizational and logistical capacities of government employment services and enhancing the system for monitoring application of labor legislation.

Aware that employment issues are cross-cutting issues, the government will ensure that there is efficient coordination by providing the competent structures with employment specialists.

Social dialogue

The Ministry responsible for Employment is called upon to play a central role in promoting and monitoring the social dialogue, which provides a measure of stability without which the government cannot play its role of catalyst of development. A social dialogue does currently exist in Chad in the form of ongoing consultations between the social partners on labor and employment problems. However, the scope and impact of the social dialogue are still relatively limited, particularly owing to the lack of capacity of the main parties concerned in conducting a social dialogue. Thus capacity-building constitutes a priority for the government.

Social welfare

The majority of the Chadian people are not adequately protected by social welfare schemes. The National Social Security Fund (CNPS) covers only a portion of workers’ needs. Civil servants, contractual government workers, and workers in the informal sector are not covered by any social welfare system. As a result, the design and establishment of new social welfare measures are a priority for the government.

The government is considering the following key actions in this area:

- support for the CNPS to better adjust its provisions to the changing market, particularly its insurance provisions;
- the design of new social welfare measures aimed at segments of the population not currently covered (government employees, workers in the informal sector, etc.).

B) Introduction of a labor market management and information system

One of the main deficiencies in the area of employment in Chad is the lack of reliable, regular, relevant data that can be used to track and analyze market developments and the job supply, provide users with information, and alert decision-makers to possible corrective actions that might be needed.

Currently, the data on employment are produced by various sources without coordination or harmonization of tools, concepts, and definitions. To remedy the rather scattered efforts by several existing observatories to monitor and obtain information, the government plans to create a unified national employment information system to serve as a reference and decision-making tool.

C) Promotion of jobs in rural and urban areas

Chad has economic sectors that show a great deal of potential for growth and job creation, such as the export manufacturing industry, transport, tourism, handicrafts, agriculture, livestock raising, and mining. The spillover effect of these sectors on other sectors should promote activity throughout the economy, and more particularly, enhance job creation, in terms of both the number and the quality of jobs.
Strengthening initiatives for the creation of micro and small enterprises is one of the government's priorities. They are one of the most important sources of jobs for Chad and despite anticipated progress in the modern sector, it is clear that in the foreseeable future population pressures will mean that the modern sector will not alone be able to supply enough jobs to absorb the inflow of new labor onto the market. In light of this, the government intends to further mobilize resources in favor of this sector so as to: (i) provide promoters of business incubators with resources; (ii) facilitate access to financing and support for the transition to the formal sector; and (iii) support existing training and orientation structures. Women's initiatives will receive special attention from the government in this context.

In its policy statement, the government assigns particular importance to labor-intensive activities, which contribute most to job creation and are most appropriate for poor countries such as Chad. A focus on labor-intensive activities, which has been quite successful in various African countries, will enable the construction sector to play a key role in the development of productive infrastructure and to generate large numbers of jobs for young people.

D) The development of human resources, employability, and vocational training

Vocational training helps to improve worker skills and thus constitutes an essential supplement to classic education in promoting employment.

However, owing to the difficulties that the education and vocational training system has had in adjusting to the needs of the labor market, measures must be taken to adapt the graduates of the system to the needs of the economy.

To that end, the government plans to implement the following programs:

- develop a national vocational training policy to identify measures to be taken to adjust the employment market, reform and optimize training system infrastructures, clarify the selection of pedagogical and financial resources and methods for training, and overhaul the apprenticeship system;
- enhance the ability of the National Job Promotion Office to provide information and guidance on issues relating to orientation, employment, and the labor market;
- promote access to training for persons with specific needs, particularly young people, the disabled, women, and workers in the informal and rural sector;
- transform the Vocational Training Center of N'Djamena into a national center for training and the creation of other centers in various regions of the country.

E) Integration of gender issues into development programs and policies

A breakdown of the Chadian population by gender shows that women make up 51.6 percent of the total population. However, women working in paid jobs represent only 2.2 percent of the population, compared to 11 percent for men. The participation of women in all areas of economic activity is low and their numbers are also small in elected positions, in the political arena, and in decision-making entities.

Important steps have been taken to better integrate women in economic activities, but it is extremely important to supplement these measures with an overall approach to reduce inequality of access to productive activities and the labor market, particularly in the nonagricultural sectors.
5.5 Strengthen macroeconomic and financial policies to consolidate macroeconomic stability

5.5.1 Economic policies

One of the fears associated with the development of the oil sector is Dutch disease, which leads to a sharp increase in prices for nontradables, an appreciation of the real effective exchange rate, and a deterioration in the competitiveness of the economy. The symptoms of this disease are beginning to be evident in the Chadian economy. For example, in 2005 and 2006 the general price index increased on average by almost 8 percent per year. In 2005, the price increases were in part the result of a shortage of food products caused by poor harvests in 2004. In 2006, the insecurity and the rise in import prices partially explained these inflationary trends. Apart from these cyclical causes, the rise in prices – particularly in the nontradables sectors such as building, construction, and most services – results from the rapid growth in domestic absorption (particularly public and private consumption) in the face of supply-side constraints. One of the impacts of these trends, combined with the substantial appreciation in the euro against the dollar, has been a not insignificant depreciation of the real exchange rate, and a consequent loss of competitiveness for the Chadian economy.

In 2007, the general price index rose by around 7 percent. The government will endeavor to stabilize the general level of prices at around 3 percent (in line with the CAEMC convergence criteria) in the coming years with the help of a more prudent fiscal policy. The government intends to carefully track prices and costs and will give high priority to controlling inflationary factors, particularly the wage bill and other public spending.

5.5.2 Fiscal policy and management

Fiscal policy. The main objective of the fiscal policy is to enable the government to stabilize revenues in support of the national poverty reduction and growth strategy. This requires both efforts to stabilize oil revenues and increased attention to the mobilization of tax resources from the non-oil sector.

With this in mind, the government established a transitional mechanism for stabilizing oil revenues in early 2007. The mechanism consists of depositing direct and indirect oil revenues in current accounts with the BEAC, stabilizing the use of these funds above a ceiling set in the budget law on the basis of the MTEF agreed with the partners, and maintaining a defined level of reserves in the Oil Account at the BEAC. In the MTEF, which guides the preparation of the budget during the years of implementation of the NPRS2, the government has agreed with the development partners to gradually allocate 70 percent of public spending (both domestically and externally financed) to the priority NPRS sectors. However, the worsening security problems and acceleration of some public investments have led to a sharp increase in public spending, which has considerably reduced the reserves in the oil account. This has also affected the structure of public spending as compared with the initial MTEF program. In 2007, the share of the priority sectors is not likely to exceed 65 percent of total public spending.

The government reiterates its commitment to combating poverty by dedicating oil revenues to the priority sectors so as to ensure that all current and future revenues generated by the exploration, development, and production of hydrocarbons are used for the socioeconomic development of the country.
To that end, the government will establish a permanent, transparent mechanism for managing direct and indirect oil revenues in order to build up savings and thus smooth expenditure over time. The mechanism involves setting aside a portion of oil revenues and then using these reserves in the future to support the spending program. This should make it possible to protect spending from unexpected fluctuations in oil revenues and to sterilize flows of such resources in order to control the expansion of public consumption and macroeconomic slippages that can contribute to Dutch disease. This mechanism will be fully integrated into the budgetary process. It will underpin the fiscal policy by providing an effective tool for managing oil revenues with a view to cushioning the impact of their volatility on the economy.

Another pillar of the government's fiscal policy is the strategy to gradually increase non-oil revenues. The government plans to take the necessary steps to progressively increase the non-oil tax burden from 8.6 percent of non-oil GDP in 2007 to 11.2 percent in 2011. This will be achieved in part through the simplification and clarification of the tax system (reform of the General Tax Code) and an increase in the resources and capacities of the Tax and Customs Administrations.

The reduction in military spending and transfers and control of the wage bill will be essential elements of the public spending stabilization policy. Now that the political situation has calmed and agreements have been reached with the rebels, the government hopes to gradually decrease off-budget military spending. To slow the growth of personnel expenditure, which absorbs more than 80 percent of non-oil revenues, and reduce its share in total public revenues and expenditure, the government is depending on the adjustment of the database managed jointly by the Ministry of Finance and the Ministry of the Civil Service, updating of the 2001 census, and implementation of the conclusions of the audits of key ministries. Implementation of the planned structural reforms in the cotton and energy sectors will enable the government to gradually reduce the subsidies for Cotontchad and STEE and to reduce the share of transfers in the budget.

Overall, the government’s financial performance can be measured by the change in the non-oil primary deficit. A gradual reduction in this deficit – which exceeded 20 percent of non-oil GDP in 2007 – will improve the government's capacity to support the spending program with its own resources not subject to the uncertainties of oil development and revenues.

It is not sufficient to stabilize public spending at a sustainable level; the spending program must also be optimized to ensure that it promotes growth and poverty reduction. The government hopes to gradually increase the share of public spending allocated to the priority sectors. The share of priority spending in the total budget appropriations will reach the target of 70 percent by 2011 in line with the growth and poverty reduction objectives of the NPRS2.

**Fiscal management.** Sound fiscal management in line with the objectives of economic growth and poverty reduction, as well as transparency in financial management and the fight against all forms of corruption, requires a significant improvement in procedures, systems, and practices, through capacity-building in the units concerned. This is the objective of the

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4 The non-oil primary deficit is the difference between non-oil revenues and domestically financed current and capital expenditure (excluding debt service).

5 Essentially, education, health, rural development and economic infrastructure, but also including social action, the environment, justice, and security and – if necessary – spending on new programs for the demobilization and reintegration of combatants.
Fiscal Modernization Plan (PAMFIP) adopted by the government in 2005 and launched in late 2006 with the support of the main development partners. This action plan concerns all stages in the programming and execution of budgets, simplification and enhancement of ex ante controls, enhanced accountability of technical ministries, reform of public procurement procedures, and strengthening of institutions responsible for audits and ex post controls, and ethics in public management.

**Box 5: The PAMFIP Program**

The aim of the PAMFIP program is to help the government reform its fiscal management to ensure greater transparency and effectiveness. The main components of the program are:

Preparation of the MTEFs and program budgets and allocation of spending largely on the basis on the priorities of the NPRS will improve the structure of future budgets.

Respect of the timetable for the preparation and approval of budgets will give the sectoral ministries the time needed to prepare program budgets that are consistent with the options chosen in the central MTEFs and will facilitate the execution of priority programs by putting in place new budgets at the beginning of each fiscal year.

Building the capacities of the Ministry of Finance and the Logistical, Financial and Administrative Affairs Directorates of the technical ministries and improving the computerized financial management system will make it possible to track the evolution of public spending, the cash flow position, and the financial performance of the government almost continuously.

Ex ante controls of expenditure will be simplified, making it possible to simplify the expenditure circuit and expedite spending. In the long term, access by the technical ministries to the computerized financial management system will facilitate gradual delegation of the commitment stage to these ministries. The use of exceptional procedures (such as payments without payment orders) will be kept to a minimum.

The reform of public procurement procedures will be consolidated and completed. Acceleration of the process will make it possible to strictly limit noncompetitive contracting. Each year, the main public contracts will be subject to independent audits.

The audit and control institutions will be strengthened, particularly the Audit Office and the Oil Revenue Oversight and Control Board. The Ministry for General Oversight of Government and Ethics will define and implement a strategy to combat corruption. The capacities of Parliament and the Finance Committee will be enhanced to improve the effectiveness of the budget debates and political control of the execution of budgets approved by Parliament.

The government strategy forms part of a reform process for the medium and long terms (at least 10 years) during which it will endeavor to remedy the deficiencies of the fiscal management system and consolidate what has already been achieved before continuing with the gradual improvement of its operation with a view to eventually bringing it up to international standards.

During the first phase, currently under way and expected to last three to five years, the main objective is to strengthen the fiscal management system at the central level. Reforms will essentially focus on priority activities to eliminate bottlenecks in the computer system and in the budget management and accounting operational procedures, to remedy deficiencies in the organization of units and in the provision of basic and ongoing professional training in budget preparation and execution, accounting, auditing and public expenditure controls, and information technologies.

The second phase, expected to last three years, will involve consolidation of achievements and expansion of the actions taken during the initial period. This second phase will also make it possible to fully implement HR development plans and to modernize tools and procedures. Moreover, the government will endeavor to move ahead with devolution by developing a
computer network toward the sectoral ministries and will prepare for decentralization of public finances after a mid-point assessment of the reforms already undertaken.

A final phase, which should last four or five years, will be implemented to support devolution and initiate the decentralization of fiscal management, while continuing efforts to modernize and strengthen management capacities begun during the previous phases.

5.6 Consolidate trade integration and promote regional cooperation

5.6.1 Trade integration

Chad’s trade policy is based essentially on implementation of the integrated framework for trade. The Diagnostic Analysis of Trade Integration (EDIC) proposed specific approaches, policies, and actions for an integrated strategy for trade, investment, and the development of export sectors with high growth potential. This study constitutes the basis of the government’s trade strategy in the NPRS2.

Specifically, various measures will be considered to encourage investment and promote the expansion of Chad’s exports, including: (i) additional efforts to simplify and streamline the tariff structure in Chad and the CAEMC; (ii) eventual participation in the WTO Information Technology Initiative (exemption for ICT products); (iii) reduced taxation of inputs used by export companies; (iv) establishment of a mechanism for financing exports; and (v) creation of a structure to monitor quality standards.

Chad is also involved in important trade negotiations, particularly the negotiation of the Economic Partnership Agreement (EPA) with the European Union coordinated by the CAEMC. Chad and the other CAEMC countries, along with the Democratic Republic of the Congo and São Tomé and Príncipe stress the importance of combining the liberalization of their markets with measures to protect sensitive products (particularly agricultural and livestock products), to promote the upgrading of these sectors and national enterprises during a long transition period, and to provide governments with adequate compensation for the loss of revenues from trade liberalization. The European Union does not dispute these principles, but the main obstacles to the success of the negotiations are the length of the transition period, the rate of liberalization, and the list of sensitive products.

5.6.2 Regional cooperation

For Chad, regional cooperation is of capital importance for three reasons. First, Chad is a landlocked country that depends on its neighbors for its imports and for the access of its products to international markets. The factors that explain the cost of international transport are not only distance and the state of the infrastructure, but also regulations that penalize Chadian carriers and formal and informal taxation that add considerably to the cost of imported and exported products.

Second, a considerable proportion of Chad’s economic development potential depends on exports to the subregion. Cameroon and especially Nigeria offer Chad important and growing outlets for groundnuts, grains, sheanuts, fish, livestock, and many other rural sector products.

Finally, increasing the production of energy at more competitive prices and developing and modernizing the telecommunications system depend in part on eventual connections with the electricity networks in Cameroon and other neighboring countries, and the creation of a high-speed network connected with the international fiber optic cable (SAT3).
The Chadian government is aware of the importance of regional cooperation, not only with the CAEMC countries, but also with many other neighboring countries, particularly Nigeria. In this context, the government will step up its efforts to promote a strengthening of CAEMC institutions and will draw the attention of other member countries to the specific problems that are barriers to Chad’s development. The program to facilitate transport in the N’Djaména-Douala corridor is one example of vital cooperation to gradually reduce the cost of international transport from and to Chad. The government hopes to actively cooperate in this way with Nigeria and other neighboring countries and to work toward growing cooperation within the CAEMC and other regional institutions, particularly ECOWAS.
Chapter 6. Enhancing the growth potential of the rural sector

6.1 The rural sector: potential, constraints, and strategies

The rural sector plays a very important role in the Chadian economy. At the beginning of this decade, before the petroleum era, the rural sector accounted for approximately 36 percent of total GDP and almost all of the country's exports (essentially cotton, livestock on the hoof, and gum arabic). Although the share of agriculture and livestock in GDP is expected to decline in the coming decades, the rural sector will long remain one of the main engines of economic growth for Chad and a source of income for its people.

Almost 80 percent of the Chadian population lives in rural areas and draws most of its income from primary sector activities, and 87 percent of Chad's poor live in rural areas. The living conditions of rural populations vary significantly by region and occupation. The ECOSIT2 results show that the cotton-growing zone is today one of the regions with the lowest level of household consumption, although climatic conditions are in fact favorable there. It is also in rural areas that access to economic and social infrastructure and basic services is most lacking. The expansion of agriculture and livestock and the promotion of the rural sector should make an essential contribution to combating poverty and are therefore one of the main priorities of the NPRS2.

**Box 6: Rural Sector Potential**

The potential resources of the rural sector can be summarized as follows:

- 39 million hectares of potential crop lands (or 30 percent of the territory), of which 19 million hectares of arable land, including 13.3 million hectares of cleared land suitable for agriculture;
- 5.6 million hectares of irrigable land, including 335,000 hectares that are easily irrigable;
- 84 million hectares of natural pastures;
- 23.3 million hectares of natural forest stands;
- 22.4 million hectares of protected lands
- 7 million hectares suitable for fisheries in a year with normal rainfall, and more than 150 species of fish;
- renewable water resources estimated at 45 km³ per year; the volume taken each year is about 1.27 km³, of which two-thirds are taken from surface waters and one-third from subterranean waters (mainly nonrenewable aquifers);
- approximately 10 million cattle, 8 million small ruminants, 1.2 million camels, 400,000 donkeys, 360,000 horses, 70,000 pigs, and more than 24,000 poultry.

The above box shows the volume of resources available to support rural development. Another asset of the sector is the emergence of a still limited but rapidly growing urban market, and the abundance of outlets (mainly regional for many of the products of the rural sector, and international for a small number of products).

Despite this potential, Chad is a country whose population chronically faces food insecurity. Two years in three, the country's food production is insufficient. It is estimated that two-thirds of Chadian households face structural food insecurity, and 11 percent severe insecurity. The causes are climatic vagaries, the lack of technical capacity and productive assets, the
seasonal isolation of a number of producing regions, and the lack of social infrastructure in rural areas.

A major problem for the long-term development of the sector is the declining soil fertility and steady degradation of natural resources owing to the combined effect of drought, human actions, wind and water erosion, land pressures, the expansion of the desert, the shrinking of lakes, and the lack of integrated management of surface waters for agriculture, forestry, pasture, and fisheries. Expanding and diversifying the output of the rural sector, combating food insecurity, and protecting the environment through better management of resources are therefore natural priorities in Chad's rural development strategies.

In June 1999, during the Sectoral Consultation, Chad adopted a national rural development strategy. The aim of this strategy was to increase output on a sustainable basis in a protected environment and to strengthen the capacities of the sector. Six more specific objectives were also defined: (i) increasing agricultural output; (ii) creating new subsectors with potential for growth; (iii) managing natural resources; (iv) promoting the rural sector; (v) improving government actions; and (vi) enhancing rural infrastructure. To provide operational content for these objectives, the government prepared the Rural Development Intervention Plan (PIDR), the purpose of which is to reduce poverty by promoting sustainable development of the rural sector, stepping up the participation of local communities, strengthening grassroots organizations, and improving access to basic services. It thus involves both increasing production capacity and incomes of farmers and rural populations and restoring the ecological balance through better management of natural resources. These are therefore the objectives which dominate the strategies of the subsectors: agriculture, livestock, fisheries, and the environment.

6.2 Agricultural strategies

At the beginning of this decade, the agricultural sector alone accounted for 50 percent of primary sector output and 16 percent of Chad’s GDP. Notwithstanding this, the performance of the agricultural sector over the past 15 years has been mediocre. Climatic uncertainties and the use of inappropriate technologies are the main factors that limit the expansion of output. Recurrent droughts lead to serious food crises, which affect the entire population, but particularly the poor. To meet the growing demand, farmers are increasing the number of hectares under cultivation, but yields are low (in comparison to most neighboring countries) and are tending to decline. The main cash crop, cotton, is seriously affected by declining international prices and poor management of the subsector.

6.2.1 Objectives

The agricultural strategies include three major objectives: achieving food security, using more intensive farming techniques, and diversifying products. Saving cotton production is also one of the government's major concerns.
A) Food security

In a country that is so vulnerable to unpredictable climatic conditions, food security is one of the major concerns of the population. The poor are most affected by the recurrent food crises. Food production in the Sudanian zone is relatively stable, and it is particularly in the Sahelian zone that the climatic uncertainties affect production.

Increasing agricultural output and building up buffer stocks are not the only solutions to the food security problems. Adequate infrastructure, effective transport and marketing systems, access to credit, and nonagricultural income-generating activities in rural areas are some of the ways to manage the crises caused by food deficits. Nevertheless, increasing food production remains a priority for the rural population and the government. In a landlocked country where the transport system is underdeveloped, the volumes produced and their distribution are still the main factors for relative food security.

The government has translated its policy into quantitative targets for the four or five coming years. It is counting in particular on a sharp increase in grain production (from 1.8 million to 2.3 million tons), thanks mainly to an increase in yields (from 2 tons to 3.3 tons per hectare for rice and from 700 kg to 900 kg per hectare for other grains).

B) More intensive farming

It is primarily by improving yields that the government hopes to increase food production, because there are limits to the expansion of croplands. Using more intensive farming techniques is the best way to meet the needs of a growing population while protecting the environment. It depends on a significant effort to produce and distribute high-quality seeds and ensure the more effective distribution of agricultural inputs to all agricultural regions and for all types of crops.

C) Diversification

Crop diversification is in itself a tool for food security. Roots and tubers (cassava, yams, potatoes) have different production cycles from grains. The development of this type of crop can therefore help rural families better manage shortfalls between crops.

Diversification is also aimed at promoting products for the domestic, subregional, and international markets. The study on the sources of growth identified a number of promising agricultural subsectors.

There are important national and regional markets for groundnuts, and groundnut production is already growing rapidly, both in the Sudanian zone, where this crop can be combined with cotton production, and in the Sahelian zone, where the potential for crash crops is limited. The production of fruits and vegetables can also be improved by taking advantage of the good ecological conditions in the Lac region and along the Chari and Logone rivers, as well as the expansion of cities and resulting demand for these products. The development of gum arabic is one of the major successes of Chadian agriculture. An abundant natural resource and promising market have made Chad the second-largest producer and exporter of gum arabic in the world. The production of sheanuts and their sale on the Nigerian market also offers interesting development possibilities.

D) Recovery of the cotton subsector

Cotton is Chad's oldest cash crop, but output has increased little, yields are declining, and costs are increasing while output in Mali and Burkina Faso has almost doubled since the 1980s. Nevertheless, cotton remains important for the Chadian economy and the incomes of its people since it is the main source of cash income for 350,000 rural families, or several
million Chadians. It is also the basic crop in the poorest region of the country. Cotton production and processing techniques are well known. A well-designed and well-organized restructuring of the subsector should therefore make it possible to boost its output.

6.2.2 Implementing the strategy

Achievement of these objectives involves a multitude of programs, projects, and initiatives. In particular, it requires improving the performance of agricultural services through more effective government action, supporting the restructuring of the rural sector, promoting hydro-agricultural projects to control water, and completing the restructuring of Cotontchad. The development of agriculture also requires significant infrastructure development.

A) More effective government action

The government has undertaken to review the structure of agricultural services based on their new mission, namely, to guide the process of withdrawal of the government and promote an environment that will encourage private operators and farmers associations capable of taking on the functions previously performed by the public sector. In addition to the revitalization of research centers and experimental farms, extension services must be restructured, training programs meeting farmers’ new needs must be promoted, and the entities responsible for collecting and disseminating agricultural data must be strengthened. Even though the government hopes to increasingly assign the task of distributing inputs to farmers associations and the private sector in the long term, it is urgent to provide the public and private resources needed to gradually expand the distribution of inputs adapted to specific crop needs to all regions and all types of crops.

B) Structuring the rural sector

Associations or groups of farmers should represent the rural sector at decision-making levels and take on increasing responsibility for priority activities for the development and modernization of agricultural systems, particularly the distribution of inputs. Equipping small holdings can play an important role in the modernization of crop systems. Therefore, the number of entities producing farm equipment and spare parts and breaking in animals must be increased. The success of these efforts depends in particular on access to credit. Development projects and NGOs have introduced microcredit systems, and the government will, in liaison with its partners and NGOs, endeavor to stimulate the deployment of such structures throughout the country. They should adapt their products and give access to the poorest segments of the population.

C) Controlling water

Hydroagricultural developments are one of the responses to the unpredictability of the climate. The recent increase in irrigated land is an encouraging development. Moreover, the diversification of crops and improvement of yields and productivity depend in part on controlling water: Chadian farmers will not invest in the purchase of costly equipment and inputs without the security of a less uncertain output. Past experience in Chad and the region shows that the largest projects are neither the most effective nor the most sustainable. The government will give priority to the promotion of development projects (lowlands and small dams) that are easily managed by the farmers themselves. An ongoing assessment of the results, and particularly the sustainability of programs under way, will make it possible to define optimal solutions for the promotion of this still underdeveloped sector.

D) Restructuring Cotontchad
A roadmap for the reform of the subsector was adopted in 2006 and consultations were undertaken with the population concerned and potential investors. The roadmap provides a series of measures involving both critical functions for the development of cotton output and provisions for the future organization of the subsector. The critical functions primarily concern production zones, the mechanism for setting prices and the application of these prices, and the creation of a support fund. Provisions for the organization of the subsector relate essentially to the training system, research, extension services, and the development of rural roads. The government will do everything possible to facilitate the implementation of the roadmap. The success of the restructuring of the cotton subsector will provide important lessons for other crops, particularly if it makes it possible to promote new methods of distribution of inputs by the private sector with the support of farmers organizations.

Pending the restructuring of Cotontchad, the current performance contract between the government and the cotton company targets an annual output of 200,000 tons with an average yield of 900 kg per hectare during the period 2008-2010.

E) Infrastructure

The gradual shift of a growing proportion of agricultural output toward domestic and international markets requires a sharp and rapid reduction in transport costs. A restructuring of programs for the construction, rehabilitation, and maintenance of roads to benefit rural areas (cotton and food crops) is part of this program. However, transport costs do only result only from inadequate infrastructure. Better organization of the transport system, the restoration of road safety, and the elimination of the informal taxation of carriers are also important factors in this strategy. This subject is covered in greater detail in the chapters on infrastructure and road transport.

6.3 Livestock-raising strategies

Chad has by far the largest livestock sector in the subregion. At the start of this decade, it was estimated that livestock represented 42 percent of the output of the primary sector and 15 percent of the country's GDP. However, there is still little information available on the sector, as the last survey dates back to 1976. The census that was begun in 2007 will make it possible to better assess the performance and outlook for the sector and to adapt future strategies accordingly.

The Chadian livestock sector is expanding and has significant potential. The study on the sources of growth places cattle farming, leather and hides, and white meat among the first- and second-generation subsectors, and beef among the third-generation subsectors. One of the major assets of the sector is the size of the domestic market and, in particular, the regional market, which is able to absorb a growing portion of the output of this industry.

Despite some settlement of nomads, Chadian livestock herding is still dominated by transhumance (close to 80 percent of cattle). A substantial proportion of the subsector’s output is exported (sale of beef on the hoof to Nigeria). These methods of production and marketing are very economical. Unlike agriculture, the development of livestock herding is less affected by higher transport costs.

The short- and medium-term outlook for the livestock sector depends on the development of traditional methods, particularly by building on achievements in the area of animal health and optimal management of existing pasture resources. Development in the long term will require gradual modernization of production, processing and marketing techniques. In the context of
the poverty reduction strategy, a special effort will also be made to promote poultry and small ruminants.

A) Building on achievements in animal health

Although Chad has been successful in controlling rinderpest, the persistence of many other diseases results in substantial losses of cattle. The first priority of the sector is therefore both to maintain Chad’s status as a rinderpest-free country and to better control other diseases. To that end, the government hopes to enhance public veterinary services and stimulate the development of community-based veterinary services (veterinarians and assistants), which follow the herds and advise the livestock herders. In the early 1990s, the privatization of veterinary services failed. Most public veterinarians who moved to rural areas subsequently left again. One way of encouraging a revival of private veterinary services could be to restore their animal health mandate, which gives them a certain number of critical functions in preventing and combating diseases. Paid for by the government, the performance of these functions would guarantee private veterinarians an income supplement that could facilitate the development of the profession.

B) Optimal management of pasture resources

Two types of problems affect the future of the traditional pasture system. On the one hand, the increase in the size of herds is beginning to result in some overgrazing. On the other, changing climatic conditions are forcing transhumants to extend their stays and descend to crop-growing areas earlier in the year, before the end of the harvest, thus exacerbating conflicts with farmers. A first series of actions involves opening up new pasture land to transhumants through the implementation of a pasture water program that will make it possible to make the movement of cattle more secure and slow the descent to farming areas. It is estimated that Chad's pastures could support an increase in cattle equivalent to 2.3 million head, a substantial increase that would extend the ecological and economic viability of traditional pasture systems.

A second kind of measure is the promotion of concerted management of resources by putting in place frameworks for dialogue among all the parties concerned. The approach implemented for recent pasture water projects with bilateral financing seems to provide some of the elements of a solution to the problems of managing pasture resources on a sustainable basis.

C) Gradual modernization of the subsector

The importance of Chadian cattle and the existence of large regional markets in Nigeria and in the CAEMC countries for meat and other livestock products makes it possible to envisage a gradual shift in this industry toward more modern methods of livestock raising (use of agricultural by-products and agro-industrial products for the development of feedlots) and (local) processing of livestock products that will increase the contribution of the sector to GDP and to household incomes. Until now, this type of activity has been of little interest to Chadian livestock herders and merchants, but an increase in the use of cottonseed oil cakes has been seen, although oil cake production is still insufficient to meet the needs of cattle farmers. In cooperation with the private sector and farmers associations, the government will encourage the development of pilot projects that will give new impetus to such activities.

D) The promotion of poultry and small ruminants

Local poultry raising is not very productive. Modern production units installed in N’Djaména are much more productive, but this method of poultry raising is vulnerable to many kinds of diseases. The raising of pigs and small ruminants is still uncommon, but has the advantage of
being accessible to the poorest segments of the population. Experiments have been conducted to promote the raising of small ruminants by granting animal loans to the poor, along with advice regarding the housing, feeding, and health monitoring of such animals. The government will promote the continuation and expansion of such experiments.

6.4 Fisheries

There is very little information available on the fisheries sector, which is managed entirely by the informal sector. With the exception of targeted operations in the context of specific projects, all systematic fisheries research has been suspended since the late 1970s. Around the mid-1990s, it was estimated that fishing involved approximately 300,000 individuals, not to mention thousands of jobs in related activities. It seems that the number of fishermen and others employed in the sector is steadily increasing. Women occupy a dominant role in the processing and marketing of fish.

The largest country of the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS) in terms of the extent of its surface water, Chad has favorable climatic conditions and fish populations that offer the potential for high productivity. In addition to fish, there are other resources such as spirulina, an algae rich in protein that is marketed by women.

As a result of river flooding, fish production is strongly influenced by climatic conditions. Droughts and silting are shrinking the water network and are estimated to have destroyed 210,000 ha of spawning grounds. It is estimated that output has declined from approximately 200,000 tons in the early 1960s to 60,000-120,000 tons today. The increasing scarcity of certain species and low percentage of young fish caught seem to confirm this assessment. In addition to climatic conditions, the increase in the number of fishermen and the widespread use of small-mesh beach seines and other active fishing gear destroy the long-term potential of the sector. In addition, after-capture losses impact immediate profitability.

The first priority for the future is to obtain better data on the sector. Equally important are testing and promoting methods that will optimize the management of the sector and improve the marketing of fish.

It is in this spirit that the government has launched the Fisheries Development Project (PRODEPECHE). Inspired by experience with decentralized fisheries management programs in Mayo Dallah, Lac, and Kabbia, the project promotes the preparation of integrated development plans aimed at making the parties involved more accountable for the sustainability of the resource. Project promoters hope that its implementation will reduce the percentage of young fish caught, permit a sustainable production of 120,000 tons per year, which is significantly higher than the average in recent years, increase the sale of fresh fish, and enhance output (by decreasing losses after capture). The success of the project depends on the involvement of all and respect of control measures by fishermen aware of the devastating effect of overfishing.

6.5 Protection of the environment

The protection of ecosystems is essential to ensuring the sustainability of the natural resources on which the rural sector depends for its economic activities and its social life. More intensive farming techniques, rational management of natural pastures and fishing resources, and the protection of fauna are among the major priorities of a poverty reduction strategy. However the most urgent problem is probably the rapid disappearance of the forest
cover, threatened both by the expansion of farming and livestock herding and by the use of wood fuels as the main source of energy for Chadian households. Apparently one-third of natural forest stands have disappeared since the 1990s.

In Chad, important quantities of diverse natural products are currently used in various sectors: agriculture, health, livestock, industry, and cosmetics. The massive, uncontrolled use of such products has harmful effects on human health and the environment. It results in waste, the management of which creates tricky problems. Substantial quantities of imported polyethylene (PET) plastic bags, commonly called “leydas,” are used by all segments of the population as packaging and are pervasive in the major urban centers and even in rural areas. In the city of N’Djaména, two tons are consumed each day. This is a nonbiodegradable product that is a serious environmental and public health problem, one of the consequences of which is the risk of soil pollution.

In addition, there is a risk of climate change linked with certain kinds of bad weather, particularly violent winds, strong rains, hot dry winds, and long periods of drought. All of these phenomena have harmful effects on agriculture, forestry, and livestock activities. For this reason, the inclusion of adjustments to climate change in development plans is very important for Chad.

Activities connected with mixed farming (brush fires, slash and burn cultivation, biomass burning), the production of fired bricks, and artisanal metallurgy are responsible for the emission of dioxins and furares, which are harmful to biodiversity.

In response to the risks related to accidental oil spills, Chad prepared its National Intervention Plan for Accidental Oil Spills (PNIDAH) in July 2003. The purpose of the intervention plan is to ensure the rapid and effective treatment of accidental oil spills throughout the country. The implementation of PNIDAH should facilitate appropriate action in the event of oil spills, while reducing the social economic and environmental costs of such disasters as much as possible.

The first condition of an effective ecosystem protection policy is a better understanding of how the ecosystems have changed, that is to say, the rate of degradation and factors influencing it. It also means the introduction of local development strategies – based on a participatory approach – by means of which the communities concerned reach an understanding to jointly plan and manage the use of available resources. Such methods have been tested in projects in the Abéché area and in Mayo Kebbi.
Chapter 7. Developing infrastructure as a driver of growth

Chad’s infrastructure is seriously underdeveloped. The development of a less costly and more efficient transport system is key to the growth of Chadian agriculture and the emergence of viable secondary and tertiary sectors. Access to safe drinking water is essential to stimulate the country’s economic and social development, improve public health, and reduce poverty. Energy that is both scarce and expensive is one of the biggest obstacles to the development of a dynamic private sector. Access to new information technologies hinges on the expansion of telecommunications. Improved postal system performance is critical for rural development and for the country’s poorest communities. The urban population barely exceeds 20 percent of Chad’s population but is growing rapidly. Urban development is becoming an essential component of the country’s economic growth. The needs of poor districts should be a top priority in this type of development.

7.1 Transport

7.1.1 Assessment

Transport costs in Chad and on the international routes linking the country to its main outlets to the sea are among the highest in the world. Underdevelopment of the road network, the instability of certain soils (a major obstacle to the construction of dirt roads in the busiest regions of the country), the age of vehicles on the roads, the lack of professionalism among carriers, insecurity, and the legal and illegal levies imposed on road transport are the main reasons for the sector’s lack of development.

Nevertheless, the sector has seen some improvements in recent years, owing to a number of government actions: (i) the infrastructure department is now headed by a stable team of Chadian professionals supported by international experts; (ii) the government allocates a substantial portion of its revenue to the transport sector; (iii) a consistent sectoral strategy was adopted in 1999 and updated in 2005; and (iv) that strategy establishes the bases for effective coordination of donor activities.

As a result, significant strides have been made since 2000. In particular, the reform of the Road Maintenance Fund has allowed for a substantial increase in the funds allocated to that activity, extension of the network of maintained roads, and improvements in road quality. At present, the network of maintained roads comprises approximately 3,000 km. An interesting innovation is the introduction of the GeNis system, which requires businesses to constantly maintain a certain level of service.

Moreover, the network of paved roads – very small compared to other African countries – has nearly doubled in five years (from 346 km in 2000 to 559 km in 2003, 669 km in 2005, and 1,021 km at end-2006).

Despite this progress, the road network remains underdeveloped compared to the country's land area and the country’s needs. In addition, the network of rural roads, which is essential for transporting agricultural products to regional markets and N’Djaména, remains small.
There is also a notable lack of effort to rehabilitate and maintain regional and local roads, particularly the roads in cotton-growing areas formerly maintained by Cotontchad.

Major steps have been taken to increase road safety, particularly the prohibition of mixed transport (freight and passengers), although enforcement on the ground is hampered by serious difficulties.

The traffic area of the N’Djaména airport was rehabilitated in 2003 and ASECNA carried out a major program to modernize its equipment. Finally, Air Chad, which was operating with heavy losses, was liquidated and replaced by Toumai Air Tchad, a semi-public corporation, which links N’Djaména to several regional capitals.

7.1.2 Priorities

Developments in the last three years show that the sector has a significant absorption capacity and that its needs remain considerable. Consequently, the size of future programs will depend in particular on the available financial resources.

Six (6) major priorities will dominate the government’s transport program:

1) Protect existing capital by substantially increasing the funds spent on road maintenance, particularly the regular maintenance of paved roads heretofore completely neglected.

2) Continue the paving of main highways and expand the network of paved roads from 1,021 km in 2006 to 1,546 km by 2011. This program will include the following specific actions: (i) gradually complete the paving of the N’Djaména-Abéché road, (ii) link cities in the cotton-growing region to the N’Djaména-Moundou-Cameroon main road, and (iii) continue construction of the N’Djaména road to Bol and the route from Sarh to Abéché.

3) Rehabilitate and maintain a network of regional and local roads that connect the main agricultural regions to the national network, including the rehabilitation of 274 km of dirt roads by 2011.

4) Carry out a multiyear program to rehabilitate rural roads with an annual budget of at least CFAF 4.5 billion. The structure of the program and the choice of roads to be rehabilitated will be determined in collaboration with the Ministry of Agriculture and Cotontchad.

5) Improve the management of the international corridors that are vital to the development of Chad’s foreign trade. In particular, this will involve the adoption of facilitation measures to improve operating conditions on the Cameroonian corridor, through which most of the country’s imports and exports travel.

6) Open up the country by maintaining a level of accessibility by air for all areas lacking a permanent road connection, especially in the rainy season, with a minimum level of compliance with the civil aviation safety standards of the International Civil Aviation Organization (ICAO).

The implementation of these major priorities will be accompanied by the following measures and initiatives:

(i) The government will continue to improve the system of information on the road network (road database) and the transport system (supply, demand, transport costs) with a
view to strengthening the planning of investments, expenditure, and transport sector policies.

(ii) The study on the sources of growth identified the transport industry as one of the sectors with strong potential that should be systematically exploited. The fleet of vehicles is dilapidated and excessively large. There are approximately 2,000 large trucks on the road. Several factors stand in the way of the development of this activity: not only the condition of the roads, but also safety issues and the difficulties carriers encounter in trying to obtain credit. Within the framework of a permanent dialogue with the private sector, the government will accord special attention to the problems of carriers, with a view to identifying measures that the public sector and the companies can take together to revitalize one of the most important industries for the recovery of the Chadian economy.

(iii) Within the framework of a strategy to reduce poverty and promote employment, the government will entrust a growing share of the work of rehabilitating and maintaining rural roads to SMEs and will encourage businesses to use labor-intensive methods.

7.2 Improvement of living conditions - Land use, urban development, housing, and sanitation

7.2.1 Assessment

Land use. The definition of national, regional, and local plans/schemes based on a good knowledge of resources, constraints, and the needs of the population is a critical tool for the formulation of a policy designed to reduce poverty and regional disparities. Such plans are essential for monitoring the recently initiated process of devolution and decentralization.

Chad does not yet have such a tool, and its track record reflects inconsistency in sectoral programs, the blockage of interdependent relationships between the rural and urban environments, and contrast between the relative vitality of urban economies and the slower progress of rural economies. The spheres of influence of the country’s development centers are limited by the deficiencies of the transport system, and vast areas in the north and northwest of the country have no real regional capitals.

Lacking a national land use strategy, the government relies on a National Housing Strategy dating back to 1999 and a National Urban Development Strategy from 1998, the priorities of which are: (i) improvement of housing quality; (ii) support for urban development and land use plans; and (iii) capacity building in the sector.

Urban Development and Housing. The rate of urbanization (approximately 20 percent of the total population) is low but growing rapidly. Indeed, since the mid-1990s, the growth rate of the urban population has averaged 4.5 percent a year, which is slightly above the average for Africa. In N’Djamena, the population growth rate is faster still: currently 6.5 percent a year.

To date, urban development has scarcely been regulated with consistent development plans. A few urban development plans were prepared in the 1990s, but they were not followed by investment programs and are today completely out of date.

The legal framework for urban development is poorly defined. The real estate and government property laws have scarcely been updated since 1967 and the existing legislation is largely ignored. The coexistence of modern law and customary law makes it impossible to properly manage urban development, and government planners are prevented from taking
necessary steps, such as earmarking land reserves for high-priority public or private investments.

The land development methods generally employed tend to result in relatively oversized parcels, which create serious disadvantages in terms of development costs (roads, gradual development of parcels, etc.). Most of these parcels have no public utilities and are often located in flood zones.

According to ECOSIT2, around 90 percent of Chadian households live in dwellings with walls made of nondurable traditional materials, 76 percent of dwellings have a straw or secco roof, and 69 percent of households have no latrine. Most residences are built by the informal sector (self-construction). The extraordinarily high cost of modern building materials and the lack of residential lending makes it very difficult for low-income populations—especially women—to become homeowners, which explains the instability of the housing sector.

Sanitation. Studies show that the lack of safe drinking water and poor hygiene are the main causes of morbidity and mortality. It is therefore important to improve conditions in this sector, which will henceforth be at the center of the government’s concerns.

Sanitation in urban areas. The General Census of Population and Housing (GCPH, 1993) revealed that only 1 percent of the urban population was connected to a sanitation system. Even today, the inadequacy of waste water drainage systems is a dominant feature of life in Chad.

Storm runoff also poses serious problems in almost all cities. The 1993 GCPH estimated that the percentage of the population with access to a storm drainage system was not above 5 percent. Large sections of several urban centers are flooded throughout the rainy season and whole districts are considered disaster areas. The stagnation of this water in ponds and the flooding of latrines and cesspools encourage the proliferation of mosquitoes, which are carriers of malaria, yellow fever, encephalitis, and typhoid fever. This dirty water also seeps into and contaminates groundwater.

Household waste is collected in trash cans and then hauled to public dumps, which serve as transit points pending final disposal. Some urban centers have Sanitation Committees. The ECOSIT2 survey indicates that 3 percent of the poor use the municipal trash removal system or private associations, compared to 8.3 percent of the nonpoor. The collection system is inadequate. Abandoned trucks and vehicles are found on main highways and are impossible to remove because there are no junkyards and no means of hauling them away.

Human waste, when not dumped outdoors, goes into traditional latrines, which are nothing more than simple pits or cesspools, the length of use of which depends on the depth and the number of users. The dangers posed by fecal matter are a major health problem.

Sanitation in rural areas. Most Chadian households in rural areas have no toilets (88.5 percent use the outdoors) and no systems for the disposal of human waste, solid wastes, and waste water. Few projects have been undertaken in this area. Major efforts will be made to build sanitary infrastructure, disseminate elementary rules of hygiene to rural populations, and create a healthy environment in villages.

7.2.2 Accomplishments

The government has already adopted a number of measures to revise the legal framework, prepare plans and projects, divide parcels of land into lots, and construct infrastructure. Indeed:
(i) A number of legal texts have been prepared: draft law on the basic principles of urban development, draft real estate and government property code, draft urban development policy statement.

(ii) Several new projects have been prepared: development of the 9th arrondissement of N’Djaména; plans to divide land into 19,000 lots; project to extend the city to the east and the south with the construction of a new bridge over the Chari; update of the map of N’Djaména.

(iii) More than 60,000 residential lots have been marked out and assigned since 1999; two old quarters in N’Djaména have been rebuilt with space for wider streets, facilities, and equipment; housing developments were built in eight secondary towns.

(iv) Finally, the government completed a number of infrastructure works: primary storm drainage canal and secondary canals, paving of the road alongside the Ndjari Canal, storm drainage work in Moundou and Sarh.

7.2.3 Priorities

The government will undertake a revision of the legal and institutional framework. One of its objectives will be to make the local government services more readily available at the community level and strengthen the capacities of municipalities and local actors. It will also focus on the completion and expansion of a number of programs already under way in the three areas of land use and urban development, housing, and sanitation.

\textbf{In the area of land use and urban development}, the government will give priority to:

(i) the production of tools for spatial management of the territory (National/Regional Land Use and Urban Development Plans, Master Plan for Land Use and Urban Development, Urban Reference Plans, Local Development Plans) and

(ii) the construction of sanitation, water, and trash collection infrastructure in several large cities and secondary towns, the reconstruction of “old quarters”, and the construction of commercial facilities.

\textbf{With regard to housing},

(i) the government will organize the establishment of SOPROFIM, the structure of which was defined in the DURAH project; it will create a Housing and Urban Development Observatory (OHDU) and will study the possibility of launching housing promotion funds and interest rate subsidies;

(ii) it will continue the reconstruction of “old quarters” (concessions) and the production of parcels of land with sanitation facilities, and will upgrade approximately 1,000 parcels a year;

(iii) it will support the renovation of old housing units, as well as the construction of new housing, and will establish the bases for construction lending facilities.

\textbf{With regard to sanitation},

(i) the government will gradually implement autonomous sanitation in urban and semi-urban areas;

(ii) it will put in place urban and semi-urban sanitation facilities in the country’s major cities (storm drainage system, waste water collection, waste removal);

(iii) it will encourage the promotion of basic village sanitation measures through the dissemination of health education programs and the construction of low-cost systems.
7.3 Water and Sanitation

7.3.1 Assessment

Access to clean water is essential to promote development and improve public health conditions. Significant progress has been made in recent years with regard to both village water systems and to urban and semi-urban water systems.

The village water programs currently under way target villages with more than 300 inhabitants. The construction of 2,581 boreholes equipped with manual pumps expanded rural access to safe drinking water from 17 percent in 2000 to 30 percent in 2006.

In N’Djaména and several other large cities, water management and distribution is entrusted to Société Tchadienne d'Eau et d'Electricité (STEE), Chad’s water and electricity company. In 2000, the service delivery rate was estimated at 40 percent. In view of the rapid growth of the city of N’Djaména, five “places to live” water supply systems were constructed in outlying districts.

Semi-urban and urban water systems not under concession to STEE are intended to provide clean water to settlements with populations of more than 2,000. Progress has also been made in this area.

In all, the overall water access rate resulting from the aggregation of data from the sectors under concession to STEE and those that are not rose from 21 percent of the Chadian population in 2000 to 31 percent in 2005.

Climatic crises such as droughts have led to large migrations of livestock herders throughout the country. To facilitate access to water, any facility and/or equipment reserved for nomadic livestock herders must necessarily include precisely delineated and clearly marked access roads so that they may reach the water, with no agricultural uses permitted.

7.3.2 Priorities

To attain the MDGs, the rate of access to safe drinking water must be raised to 60 percent by 2015. The government has prepared a 2003-2020 Water and Sanitation Master Plan for Chad (SDEA). The basic objective of the SDEA is to contribute to growth and poverty reduction by sustainably expanding access to drinking water and sanitation and by participating in the rational and equitable use of pastoral and agricultural resources in a manner consistent with the protection of ecosystems. This objective is realistic because the country uses only 2.7 percent of its renewable reserves to satisfy village, pastoral, agricultural, and industrial water needs. The strategy is based on the expansion of access to water in urban and rural areas and on the involvement of populations in the management of water resources. The government’s goal is to satisfy the water needs of all villages with more than 300 inhabitants.

The SDEA also calls for supplying drinking water (thermal water supply systems or AEPs) to about 225 settlements with more than 2,000 inhabitants, to drill approximately 12,000 boreholes equipped with manual pumps (PMH) and 2,000 modern wells in the sector not under concession, to serve roughly 5.2 million inhabitants.

This is the government’s priority for the coming years. To that end, it plans to organize a Water Round Table to mobilize additional resources estimated at approximately CFAF 250 million.
Water facilities for pastoral use are concentrated primarily in a north-south strip located in the western part of the country, as the density of modern pastoral water points decreases in the eastern part of the country. The strategies adopted are, inter alia: (i) distribution of pastoral water facilities based on livestock watering needs, taking into account the load capacities of natural grazing land; (ii) provision of water points along routes traveled by livestock herders and along commercial roads, to ensure the safety of both annual and exceptional livestock drives; (iii) strengthening of the legal and regulatory framework by including provisions in the Water Code concerning the various pastoral and agro-pastoral uses, and strengthening of the institutional framework by clarifying the responsibilities of the various services involved in the development and management of pastoral resources.

In the area of sanitation, the ministry’s actions are limited to enforcing mandatory health standards around water points and promoting the use of latrines in rural and/or urban areas. The strategies of the sector consist of the following: continue the consultations begun with partners to establish a framework for coordination, organize an appeal to donors, and strengthen national ownership of the relevant programs.

Despite the existence of the National Water Management Committee (CNGE) and the Inter-Sectoral Water Resources Technical Committee (CTIE), the sector is still experiencing real difficulties in coordinating the actions of all participants, a situation that the government will endeavor to remedy.

7.4 Energy

7.4.1 Assessment

The energy sector is not well developed in Chad. Energy consumption increased in the last decade, slowly at first (from 200 kg-oil equivalent (koe)/inhabitant in 1993 to 240 in 2002), and then rapidly (292 koe/inhabitant in 2005). Most of this consumption (74 percent) is in rural areas.

Wood fuels account for most domestic energy consumption (96.5 percent), with disastrous consequences for the forest cover and the environment. The share of conventional energy in Chad’s energy balance sheet is negligible. The consumption of oil products accounts for 3 percent of total consumption and the consumption of electricity only 0.5 percent.

More than 80 percent of the electricity produced is consumed in N’Djaména. However, only one-third of the city has electricity. About ten cities and secondary centers have independent networks. There is no electrical grid in the country. The rate of access to electricity is no more than 2-3 percent of the population.

Box 7: Status of STEE

The role of STEE is to improve sustainable and affordable access to electricity and water. STEE was able to increase its thermal production capacity from 9 MW in 2004 to 25 MW in 2006, and in September 2006 completed the construction of a new 21 MW diesel plant in Farcha, financed by the Islamic Development Bank (IsDB). STEE has a theoretical production capacity of more than 40 MW. In the 2003-2006 period, the number of STEE’s electricity customers, more than 80 percent of whom are located in N’Djaména, increased from 17,500 in 2003 to 22,400 at end-December 2006, an increase of 28 percent.

STEE’s operational performance remains troubling: the irregular supply of fuel, the poor condition of the networks, and breakdowns in the production and transmission of electricity lead to frequent service interruptions; technical and commercial energy losses are high (32 percent); and STEE’s distribution costs (US$0.52/kWh) far exceed the average rate (US$0.33/kWh). Moreover, many preferred customers do not pay their bills. Consequently, STEE relies heavily on State subsidies (CFAF 10 billion in 2006 and CFAF 18 billion in 2007) to ensure the financial viability of the company.
High fuel prices and supply problems result in a very high kWh production cost, and the imbalance between cost prices and revenues creates a structural deficit. However, the enterprise’s earnings are also affected by basic deficiencies in all its essential functions (planning, marketing, personnel, production, transmission, and financial management). Moreover, financial relations with the State, the company’s biggest customer, are characterized by the public utilities’ underbudgeting of water and electricity consumption, bill payment delays, and nonpayment by the Treasury of checks issued by autonomously managed municipalities and institutions. Finally, STEE’s performance has also been affected by excessively frequent turnover in the position of general manager (every six months on average).

Chad has one of the lowest rates of electricity consumption in the world and some of the highest rates. The main reason for this is the cost of imported diesel oil, which eats up almost all the revenues of STEE, the public enterprise responsible for producing and distributing water and electricity in urban centers. A second factor is STEE’s mediocre claims recovery performance and commercial losses due to illegal service lines (see box).

Renewable energy sources are scarcely tapped. They nevertheless have significant potential. In fact, Chad is located in the sunniest part of Africa: 2,805 to 3,750 hours of sunshine every year and a total radiation intensity of 4.5-6.5 kWh/m2. Chad’s wind energy potential is relatively modest: calm wind speeds vary from 1.4 m/s to 5 m/s from south to north.

7.4.2 Priorities

The government’s priorities are: (i) development of a more economic and more reliable electricity production system, (ii) rational management of forestry potential, and (iii) promotion of alternative energy sources.

**Development of an economic and reliable electricity production system.** This is a prerequisite for the modernization of Chad’s economy and for the growth of private sector activities. It is a feasible objective, and the studies on growth sources place electric power among the second-generation growth sectors.

In the short term, the most urgent measures to reduce operating losses involve the improvement of STEE’s performance. The enterprise needs substantial revenues to cover its operating costs, finance its investments and the development of its services, and implement measures aimed at improving its information and management systems. The actions to be taken are the rehabilitation of deficient production and distribution facilities, the enlargement of related structures, and the improvement of its billing and payment collection procedures, particularly by adopting commercial management software and by combating fraud, with resolute support from the government. It is essential that the State pay its bills on time and that subsidies be set at a reasonable level and disbursed within the required timeframes.

In the long term, a basic overhaul of the enterprise’s financial situation and of the efficiency and effectiveness of its services will depend on a significant reduction in production costs. The most urgent requirement is to negotiate the terms and conditions for implementation of the topping plant with Esso. The use of a local distillate and heavy fuel would appreciably reduce the costs of a substantial portion of STEE’s production.

Other options are also being considered: (i) construction of a refinery in Djermaya, supplied by the output of the Sédiguí oilfield and other recently discovered deposits (with assistance from China); (ii) resumption of negotiations with Cameroon for a connection to the Lagdo power plant, although sedimentation problems limit the capacity of that plant.
The DRC and Nigeria are considering the construction of a transmission line that would connect the Inga dam to the Nigerian network. If this project comes to fruition, Chad will negotiate the connection of its network to that line, which would cross Cameroon between Garoua and Maroua.

The ministry is preparing a strategic plan to improve energy governance and management. This plan will include the establishment of a project database and capacity building for project planning and guidance.

**Rational management of forestry potential.** This subject was mentioned in the chapter on rural development and the environment. The results of the project managed by AEDE should be assessed and a determination made as to what extent similar programs can be improved and replicated.

**Promotion of alternative energy sources.** In 2000, the government launched a program in N’Djaména to replace the use of wood fuels with butane gas. The project was successful to a certain extent: the use of butane gas is growing faster than the subsidies required for the continuation and expansion of the program in N’Djaména and other cities. In view of the rapid depletion of the country’s forestry resources, it seems essential to increase these subsidies until effective methods can be devised to ensure rational management of the forest cover.

Chad participates in the Regional Solar Program of the member countries of the CILSS (Permanent Inter-State Committee on Drought Control in the Sahel). The government and certain donors support a number of programs based on solar energy. At this stage, their impact remains limited, but the government plans to implement more solar energy programs.

### 7.5 Postal Service, Telecommunications, and Information and Communications Technologies

**7.5.1 Assessment**

The development of telecommunications and of information and communications technologies (ICT) is an essential condition for Chad’s economic and social development, its integration into the world economy, and the modernization of its public and private sectors. The study on the sources of growth places this sector in the first-generation sectors, that is, those with the potential to have a significant impact on the country’s growth under the second NPRS. The development of an accessible and efficient postal system is especially critical in a country where nearly 80 percent of the population lives in rural areas and where the postal service is the main instrument of communication for the poorest populations. The expansion of telecommunications, ICTs, and postal services therefore has an important role to play in a growth and poverty reduction strategy. However, progress to date is uneven across sectors.

Liberalization of the telecommunications sector in 1999 led to the rapid development of mobile telephony, with two private operators (Celtel and Millicom) competing in the Chadian market. The number of mobile subscribers increased from 5,000 in 2000 to 528,000 at end-2006 (CELTEL 348,000 and MILLCOM 180,000 according to the Chadian Telecommunications Regulatory Agency) and the turnover of these enterprises is approaching CFAF 50 billion. Competition and the expansion of networks have led to an appreciable reduction in the prices of international calls.

The public corporation SOTEL-Tchad operates the fixed telephony network. Despite restructuring measures, the company is still experiencing serious financial problems that
prevent it from implementing a consistent investment program based on an effective long-term strategy. The number of land lines is increasing slowly (from 10,300 in 2000 to 13,134 in 2006). Installation costs and the prices of local and international calls are falling, but remain higher than in most countries of the subregion. In 2004, the government tried to privatize SOTEL, but the procedure did not attract any serious candidates.

Internet use is growing slowly despite the establishment of WiFi networks by three private operators and the availability of GSM networks. The number of Internet users is on the rise (2,500 in 2004 to 34,000 in 2006), but the digital access indicator (DAI) has not climbed above a low 0.1.

STPE is responsible for the provision of postal services. The underdevelopment of the postal system is an obstacle to the development of secondary towns and the rural sector. The number of post offices is scarcely increasing and the rate of coverage (1 post office for every 220,000 residents) is much lower than in other countries of the subregion. STPE also operates a postal checking service, the effectiveness of which was seriously affected by the freeze on deposits, first near the end of the 1970s and then in the early 1990s.

7.5.2 Priorities

In the telecommunications and ICT sector, the main priority is the integration of Chad into the international fiber optic communications network that is spreading across the continent. The first step will be to extend the cable laid alongside the Kribi-Doba oil pipeline. It will also be necessary to install a high-speed subregional network, a project that the heads of state of Chad, Cameroon, and the Central African Republic approved in principle in April 2007. Low-cost access to a high-speed network will give Chad a comparative advantage in the use of the communications superhighway and in the transfer of electronic data.

Translation of graph legend:

Subregional high-speed network
CAB (Central African Backbone) Network
Basic configuration

--- SAT-3 / WASC
--- Oil pipeline fiber-optic cable
--- Existing connection
--- Future connection
• 2,600 km total
• 1,000 km of existing infrastructure
• 1,660 km of cable to be installed

**CAB Network – Chad**

• 830 km of fiber optic cable to be installed between N’Djaména and Doba (Phase 1) and 1,000 km between N’Djaména and Adré (Phase 2)
• Phase 1 public private partnership (PPP) $18 million ($11 million public financing), Phase 2 PPP $18 million ($9 million public financing)
• 35-60 percent reduction in the cost of domestic capacity in the first year of operation
• Service to many cities (economic recovery, reduction of isolation and improved safety on the route to Sudan)

Feasibility study completed (03/2007)

Adoption by Heads of State of a resolution at the CAEMC (04/2007)

This development will be supplemented with efforts to popularize the use of new information and communications technologies in both urban and rural areas, through the creation of multipurpose community telecenters. It is in this spirit that the government hopes to launch an initiative to define a universal service strategy.

The sustainable rehabilitation of public enterprises in this sector is also a key objective of the strategy. For STPE, the government will take the necessary steps to facilitate the expansion of postal services and the relaunch of an efficient and reliable postal checking system.
Chapter 8. Developing human resources

The development of human resources is, ultimately, the top priority of any poverty reduction strategy. The development of education is a prerequisite for modernization of the Chadian economy and consolidation of the democratic process and inclusive growth, in which a large majority of the population participates. Health status affects agricultural production and productivity and the efficiency of all other productive sectors. Improving the status of women, expanding their role in the country’s economic and social life, supporting vulnerable populations, and facilitating the economic and social reintegration of the excluded are major components of the strategy.

8.1 Education

One of the main conclusions of the analysis of the determinants of poverty is that the incidence of poverty decreases considerably as the educational level of the head of household increases. This effect is even more pronounced in the case of secondary and higher education. Clearly, the most remarkable observation is that roughly 92 percent of the poor are members of households headed by a person who is either uneducated or did not continue beyond primary school.

According to the 2004 EDST2, 73 percent of women and 54 percent of men are illiterate, not counting the 34 percent of women and 23 percent of men who fall back into illiteracy after failing to complete primary school.

8.1.1 Education strategies

In 1993, the government implemented an integrated “Education-Training-Employment” strategy to improve the effectiveness of the system. The results of that strategy were mixed, but nevertheless led to the adoption of a new education policy, which inspired the Education and Training Support Program (PAEF). The PAEF has three objectives: (i) expand access to education and make the system more equitable, (ii) improve the quality of teaching and learning conditions; and (iii) strengthen system planning and management capacities.

In February 2002, the government prepared a Sectoral Policy Statement aimed at making primary education available to all by 2015. It calls for: (i) a substantial increase in the share of GDP earmarked for education (4 percent by 2015), (ii) growth of 20 percent a year in non-wage operating expenses, (iii) allocation of half the education budget to basic education, and (iv) a series of reforms concerning budgetary priorities and the sharing of responsibilities by the State, communities, and decentralized local governments.

Finally, the government has developed a comprehensive program for reform of the education sector. This program (Project Supporting Chadian Education Sector Reforms, PARSET), which is based on the PAEF, includes two phases. The first phase (2002-2006) focuses on measures necessary to establish the bases of a quality primary education for all by 2015. The second (2007-2010) also includes programs to promote school enrollment by girls, literacy, the development of national languages, student health and nutrition, and distance learning. It is also aimed at supporting the expansion of secondary and higher education.
8.1.2 Constraints

Despite rapid progress in terms of the numbers and primary school enrollment ratios, basic education in Chad suffers from a number of weaknesses. The first is the inequity of the system, particularly the disparity between the gross enrollment ratios of boys and girls. Despite rapid increases in the enrollment ratios of girls in the last five years, the disparity is still great. In 2005, the GER of boys had already reached 100.9 percent, whereas the ratio for girls was only 67.9 percent. However, the biggest problem is quality, which affects all levels in the system.

The issue of quality arises first at the *basic education level*. In all respects – internal effectiveness of the system, repetition rate, completion rate, and survival rate – the results so far are unsatisfactory. Approximately 62 percent of Chadians enter the workforce without receiving a complete primary education, and 47 percent of those who do complete primary school remain illiterate. The recent trend of several indicators reveals a slight improvement in the quality of primary education since 2000. In particular, the repetition rate fell from 31 percent in 2000 to 22 percent in 2004-2005. However, most of this improvement occurred between 2000 and 2003. Since then, the repetition rate has scarcely improved.

Several factors explain the poor quality of primary education. The most significant is the drop in the percentage of qualified teachers owing to the rapid increase in the number of community teachers without appropriate additional training. Other factors are related to the accommodation of students: the student/teacher ratio (69/1 in 2003-2004), the percentage of students with a desk (21 percent) or textbooks (1 out of 2).

A number of steps have been taken to solve these various problems, the most important of which is the launch of an accelerated community teacher training program (more than 2,000 teachers a year since 2004). Another important measure is the production, by the National Curriculum Center (CNC), of textbooks adapted to the sociocultural context of Chad and their distribution, free of charge, to primary school children since the 2005-2006 school year to raise the student/textbook ratios (all of which exceeded five in 2000) to one reading textbook and one mathematics textbook for each student, and one science textbook for every two students. Three million textbooks were produced and distributed in 2006-2007.

Increasing the rates of primary school enrollment led to an even more rapid rise in the number of students in *secondary education* (*13 percent a year*): from 45,000 in 1989 to 121,000 in 2005 and 215,004 in 2006. The existing mechanisms did not make it possible to regulate the flow of students between levels. Fifty-seven percent of students who completed primary school went on to a *collège* (*4-year program*), and the rate of promotion to *lycées* (*7-year program*) climbed from 47 percent in 2000 to 73 percent in 2005.

The increase in enrollment led the government to hire and train a larger number of secondary teachers. It also launched an annual program to recruit 1,000 volunteers (essentially unemployed university graduates), which was later abandoned. These measures did not, however, prevent a rapid decline in the student/teacher ratios: in 2005 there were more than 500 students per liberal arts teacher and 1,000 for a single teacher of scientific subjects. Moreover, the development of infrastructure and the provision of equipment did not keep pace with the growth of enrollment. The slight increase in total resources allocated to the sector was partially offset by the rise in the unit costs of school construction projects.

The same trend was observed in *higher education*. From 2,356 in 1995-96, the number of students swelled to 5,280 in 2001 and 12,300 in 2005. Close to three-fourths (9,500) study in Ndjamena, in buildings originally intended for fewer than 1,000 students. The increase in
enrollment has not led to improvement of the structure of the system. More than 70 percent of students study liberal arts subjects and the number of students educated far exceeds the number of professional-level jobs created. Only 300 of the 3,000 students who graduated in 2003 found a job in the modern sector, the economic importance of which remains quite small.

8.1.3 New directions

Based on the lessons learned from the NPRS1 and performance assessments of the education system, six new strategic pillars were defined for development of the sector: (i) expedite progress toward the goal of primary education for all; (ii) establish the bases of quality education at all levels; (iii) involve communities in school management, quality control, and the mobilization of resources; (iv) change the focus of higher education and vocational training, based on the needs of the labor market; (v) gradually eliminate rich/poor, boy/girl inequalities and regional disparities, and take into account the needs of vulnerable groups (the excluded); and (vi) build capacities for planning, managing, and guiding the system.

The new policy is aimed at achieving the following specific outcomes.

A) In basic education

The increase in enrollment and the reduction of inequities will have the following effects: a jump in gross enrollment ratios, from 84 percent in 2005 to 98 percent in 2011; improvement in the girl/boy ratio, from 0.67 in 2005 to 0.87 in 2011; the percentage of students from the nomadic environment will rise from 0.17 percent in 2004 to 0.5 percent in 2011; and 80,000 adults will learn to read and write, of whom 80 percent will be women in rural areas.

Moreover, an increase in the school completion rate is expected, from 35 percent in 2005 to 59 percent in 2011, as well as a decrease in the repetition rate, from 22 percent in 2005 to 10 percent in 2011.

To attain these quantitative targets, the government will harmonize the school districting map and has already decided on free enrollment. It has also identified 25 priority intervention areas (where school enrollment figures are especially low), and is planning additional contributions for health and nutrition based on observed nutritional deficiencies. Lastly, it will make special efforts to benefit those excluded from the system (nomadic environment; very poor children who have left school).

The quality of teaching will be improved with the following measures: increase in the percentage of qualified teachers (from 33 percent in 2005 to 64 percent in 2011) through expansion of the Training Institutes, the training of level 1 community teachers throughout the country, and the regular monitoring of these teachers in their classes; reduction in average class size (from 59 to 54); and measures involving textbooks and equipment.

Steps will also be taken to promote the involvement of parents in the management of education. The government will encourage the formation of 1,000 COGES (Schools Management Committees) and will train 2,000 APE managers.

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6 Basic education includes primary education and the first cycle of secondary education (cf. Law No.16 /PR/07 establishing guidelines for the national education system).

7 For more information, see in the RESEN (Forum on the National Education Sector) the map of areas in which the access and completion rates are especially low.
B) **In secondary education**

The government plans to raise the rate of first cycle enrollment from 30 percent in 2005 to 39 percent in 2011, and the girl/boy ratio from 0.32 in 2005 to 0.61 in 2011. It also hopes to provide access to school cafeterias for 5 percent of students (compared with 0 percent in 2005).

Concerning the quality of education, the government hopes to reduce the dropout rate from 17 percent in 2005 to 10 percent in 2011. To that end, it will reduce the student/class ratio from 64 in 2005 to 56 in 2011, and the student/teacher ratio from 80 in 2005 to 62 in 2011. It will raise to 6 percent the percentage of students with access to laboratories and libraries (in contrast to 0.01 percent in 2005).

Lastly, it will improve technical and vocational training for basic education graduates to promote their entry into the labor force.

C) **In higher education**

The government will take the necessary steps to make higher education available to more than 15,000 young people and will reform the system of university scholarships so that they can be awarded from the first year, based on the merits of the candidates. It will encourage professionalism in higher education and will develop training modules adapted to the needs of the market as part of the process of implementing the Bachelor’s-Master’s-Doctorate reform.

8.2 **Health**

8.2.1 Strategies, results, constraints

The aim of the government’s health policy is to ensure public access to quality basic services. To that end, the 1998-2001 National Health Policy (PNS) was based on the following objectives: (i) complete health coverage by gradually ensuring effective operations in all Districts; (ii) strengthen the implementation of the PMA and the PCA, particularly in the fields of maternal and infant health; (iii) ensure that qualified human resources are available to the system; (iv) continue implementation of the measures taken with regard to drugs under the National Drug Policy; (v) boost public participation in the delivery of services; (vi) consolidate gains in the fight against locally endemic diseases; (vii) increase the monitoring of epidemics (particularly meningitis and cholera); (viii) continue the fight against STI/HIV/AIDS within a multisectoral framework; and (ix) strengthen Information, Education, and Communication (IEC) activities.

Progress has been made on the rates of coverage and quality of services. But access to basic care remains limited because of the distance to health centers, the lack of qualified personnel, and the high cost of services. There are also significant regional disparities. In the northern provinces, food insecurity, more than health, is the public’s main concern. The southern provinces are better served, but—with the exception of the large cities—have been affected by the deterioration of health services in the early 1990s. One of the consequences of these
developments is the frequent reliance of the poorest populations on self-medication (sidewalk drugs) and informal medicine.

The main constraints hampering improvement of the system are the following: first, the lack of resources and the low level of mobilization of new resources owing to the scope of the country’s health problems and the needs of the population, as well as insufficient capacity for planning, coordinating, and monitoring programs and projects. Secondly, the lack of qualified personnel and their concentration in N’Djamena, which explains the low level of the indicators concerning primary services such as CPN (antenatal consultations), attended births, the proper treatment of cases of malaria, acute respiratory infections (ARIs), and diarrhea. The poor quality of care increases the dissatisfaction of the population and affects the rates of use of the services.

Socio-cultural factors also act as constraints on health system performance. In a country where the illiteracy rate is around 61 percent, the current health information systems are inconsistent with needs. Moreover, harmful traditional practices (nearly one woman in two is subject to female circumcision, and 37 percent of adolescents 15-19 years of age have already become sexually active) also pose a health problem. We also note the impact of armed conflicts, which have unleashed a stream of refugees, displaced Chadian families, and disrupted health services in the affected regions.

8.2.2 New directions

In May 2007, the government adopted a new health policy. This policy is aimed at better organization of the national health system, equitable access to quality care, vigorous action in the area of maternal and infant health, efforts to combat major diseases, and, more generally, improved management of resources (human resources and drugs).

Improvement of the organization of the national system – in cooperation with the private sector and traditional medicine – will be based on effective decentralization, to ensure harmonious development of the three levels of the system. Quality services will be made available to reduce or eliminate geographic, economic, and cultural disparities.

High priority will be given to maternal and infant health. The aim of the August 2007 roadmap is to accelerate the reduction of maternal and neonatal mortality by making pregnancies, deliveries, and post-partum conditions safe for all Chadian women, regardless of their origin and economic and social situation.

The integrated delivery of primary health care and hospital care will bolster the fight against malaria, tuberculosis, HIV/AIDS, hypertension, diabetes, and other communicable and noncommunicable diseases.

Human resources management will play a pivotal role in this strategy. The government will focus on the balanced deployment and motivation of health care workers at all levels. It will also assign high priority to the supply and rational use of drugs.

The means employed will include: (i) supply of high-quality drugs at affordable prices for the populations of 25 priority districts; (ii) recruitment – with preferential assignment to rural areas – of 200 physicians, 800 trained nurses, and 100 midwives; (iii) construction of health centers (essentially in rural areas), district hospitals, regional hospitals, and national reference hospitals; and (iv) formation of 2,000 COGES.

Within the framework of a policy aimed at improving access to health care for the poorest populations, the government has decided to make emergency services and anti-retroviral drugs available without charge.
A partnership with all the participants in the system will facilitate the implementation of this policy, the expected results of which are: (i) a sharp decrease in maternal mortality (from 1,099/100,000 in 2004 to 500 in 2011) made possible by an emergency plan for 1.3 million rural women and a minimum package of prenatal health care for 650,000 pregnant women; (ii) a sharp reduction in infant mortality (10 points every year) by providing integrated care for 150,000 children under the age of 5 and programs to promote access to the minimum package of services to disadvantaged populations; (iii) reduction of the transmission of HIV through an emergency plan targeting urban areas and the rural poor; (iv) significant progress in the fight against malaria, tuberculosis, and other major diseases, thanks to programs benefiting the poorest groups.

8.3 Social welfare and gender equality

8.3.1 Main social welfare and gender equality objectives

Social welfare and gender equality are cross-cutting issues that affect several categories of individuals: women, young dropouts and unemployed graduates, senior citizens, the handicapped, refugees and persons displaced by armed conflicts and natural disasters, orphans and children made vulnerable by HIV/AIDS, the excluded and other marginalized groups.

The Ministry of Social Action therefore bears a particularly heavy responsibility, given the wide range of measures to be taken to deal with all the situations that create vulnerability. However, in fulfilling its mission, the Ministry has two major advantages: the high priority that the government assigns to social welfare and gender equality, and the support of partners, particularly NGOs and other development partners working in this sector in much of the country. In view of the diversity of the vulnerable groups, the social welfare strategy should be harmonized with other NPRS sectoral strategies. This means that the preponderant role of the Ministry of Social Action is to coordinate and monitor the implementation of programs in close partnership with other ministries.

International and regional guidelines concerning social welfare and gender equality are set out in the declarations of the World Summit for Children (1990), the action plan of the International Conference on Population and Development (ICPD), the Dakar and Beijing Platforms and the African Plan of Action to expedite their implementation, and the Solemn Declaration on Gender Equality in Africa adopted by the African Union (AU) Heads of State (2005). At the national level, the guidelines are derived from the National Population Policy and the Policy on the Integration of Women in Development (1995), set out in the organic laws of the Ministry of Social Action and the Family. These guidelines evince the political will of the government to improve the socioeconomic conditions of disadvantaged populations.

In the past, the ministry was guided in its actions by these organic laws and the conclusions of the above-mentioned high-level international forums. Its interventions were based on the following activities and objectives:

1) Vulnerable and disadvantaged groups: (i) legal and social protection of those groups; (ii) improvement of living conditions, particularly the economic and social reintegration of youths in difficulty; and (iii) socioprofessional reintegration of the handicapped.
2) Gender: (i) legal and socioeconomic promotion of women; (ii) their participation in the development process and incorporation of gender issues in programs and projects; and (iii) capacity building in certain sectors and support for women in rural areas.

3) Protection and promotion of the family: (i) education in family life; (ii) maternal health and reproductive health; (iii) prevention of HIV/AIDS; and (iv) self-promotion of grassroots organizations.

8.3.2 Strategy for 2008-2011

Apart from the PIFD, which could not be implemented for want of a relevant action plan, the Ministry of Social Action and the Family has no sectoral policies. As a result, the guidelines, objectives, and actions taken in these sectors of activity were based on national and international commitments, recent program budgets for the sector, and the MDGs.

With a view to developing a National Social Welfare Policy and a National Gender Policy closely linked to poverty reduction, four major policy thrusts are identified:

- Develop a series of complementary and realistic programs designed, on the one hand, to help families cope more effectively with climatic, environmental, socioeconomic, and political risks, and, on the other, to protect the most vulnerable populations.
- Develop a package of complementary interventions to reduce gender inequality, particularly with regard to access to education, health services (including reproductive health), income, information, and decision-making processes.
- Create a favorable environment for effective implementation of all the programs established (strengthening of public and social accountability, public-private partnerships, role of communities, capacity building, mobilization of resources).
- Institute a system to monitor vulnerability and assess programs.

The objectives pursued through these policy thrusts are:

**Protection of young children and adolescents:**

- Ensure that at least 10,000 young people in difficulty are cared for and socially and economically reintegrated by implementing a social integration program for child victims of violence, abuse, exploitation, and discrimination, and by creating and managing an information system on orphans and children made vulnerable by HIV/AIDS.
- Ensure high-quality preschool education for at least 7 percent of children 0-6 years of age by implementing an early childhood development program.
- Ensure the registration of all children at birth by stepping up implementation of the program in support of civil registration.
- Put in place a legal and social framework to protect children.
- Ensure comprehensive care for at least 50,000 orphans and vulnerable children (HIV/AIDS orphans).

**Promotion of women and gender equality:**

- Put in place a legal and institutional framework to ensure the empowerment of women through the creation of a gender promotion support fund.
- Adopt and enforce the Persons and Family Code.
- Draft, adopt, and implement the National Gender Policy.
Protection of the handicapped:

• Ensure that at least 4,000 handicapped persons are cared for and reintegrated through the construction of 6 centers for the handicapped in the largest cities, including 2 in N’Djaména.

Protection of senior citizens:

• Ensure that senior citizens are cared for by building 6 senior homes in N’Djaména, Sarh, Moundou, and Abéché.

Services for families in difficulty:

• Strengthen existing social safety nets by creating a national fund to combat indigence in Chad and by introducing a national health insurance policy;
• Strengthen social affairs organizations, in particular by building 20 social centers (including attached nursery schools).

The sector has a number of advantages for the attainment of these objectives, including: (i) the availability of NGOs working in the same fields as the government, which generally support the vulnerable and the needy in the areas of training, savings and credit, education, literacy, health, appropriate technologies, etc.; (ii) the existence of women’s associations whose objectives are the protection of women’s rights and the education and training of women in the socioprofessional and economic fields, and (iii) the will of development partners to help the government in its efforts to combat poverty.
Part Three:
BUDGET PROGRAMMING, IMPLEMENTATION
AND MONITORING/ASSESSMENT
Chapter 9. Macroeconomic and budgetary framework of the NPRS2

The preceding chapters have taken stock, assessed performance, and analyzed the constraints on growth and poverty reduction. They have proposed new strategic orientations to guide the formulation of macroeconomic and sectoral policies, as well as the implementation of NPRS2 priority action programs. This chapter examines the quantified effects of these policies on:

- the macroeconomic framework, particularly the profile of overall growth as well as sectoral contributions and financing (State and the economy as a whole);
- the budgetary framework (or Medium-Term Expenditure Framework, MTEF), particularly the profile of public expenditure resulting from the allocation of budgetary resources to sectors/ministries to finance priority programs;
- the prospects for poverty reduction, particularly improvements in the incidence of income poverty and the other MDG indicators resulting from the profile of growth and public expenditure.

This analysis consists of three stages: (i) simulation of a reference framework; (ii) simulation of a more “proactive” variant aimed at putting Chad back on the road toward attainment of the MDGs (MDG scenario) and keeping it there; and (iii) risk analysis.

The preparation of a reference macroeconomic and budgetary framework. Based on a series of policy and program simulations, a consensual framework is defined that is desirable but credible, and, therefore, financeable and executable within the programming horizon. The framework includes (i) a targeted non-oil GDP growth rate and sectoral contributions in line with the capacities of the productive sectors, (ii) a desired profile of budget allocations to sectors/ministries; and (iii) the resulting desirable improvements in the poverty rate and the other MDGs. Thus, the reference framework reconciles the government’s strategic objectives (macroeconomic stability, growth, and social development) and the perceived needs of the sectors, on the one hand, with net lending capacities (domestic and external resources) and the ability to absorb budget resources and physically execute sectoral programs, on the other.

Simulation of an MDG scenario. This variant of the reference framework quantifies additional needs (level of program execution and financing required) and the projected profile of growth, budget appropriations, and social indicators necessary to return Chad, by 2011, to the path toward attainment of the MDGs by 2015.

Risk analysis. The reference scenario is not a fixed projection, but a simulation of the development perspectives that would result from the materialization of a set of assumptions concerning the economic environment, on the one hand (exogenous factors), and, on the other, the government’s determination and capacity to implement its program of actions in a disciplined and sustained manner (endogenous factors). It follows that any change in either of these two sets of factors will result in deviations (often adverse) from the macroeconomic and budgetary framework and will alter the prospects of poverty reduction vis-à-vis the reference scenario.
9.1 The NPRS2 reference scenario

9.1.1 The objectives and the process of constructing the reference scenario

As indicated above, the aim of the reference scenario in the medium term is to reconcile three major concerns of the government. The first is to maintain a stable macroeconomic framework through rigorous pursuit of the government’s macroeconomic program, which is supported by the IMF’s Poverty Reduction and Growth Facility (PRGF). Second, the government intends to continue steadily increasing public expenditure to support diversification policies aimed at accelerating growth and reducing poverty in a manner consistent with the objectives of the NPRS2. This involves not only a sustained increase in expenditure, on investment in particular, but also a growing focus on sectors that are drivers of growth and social development, especially the so-called NPRS2 priority sectors (human resources, infrastructure, and productive sectors). Third, the government plans to move toward more effective expenditure planning, as well as more predictable and sustained budgetary programming, by exercising strict control over essential expenditure (wages and basic operations) and by making a firm commitment to support ongoing multiyear programs with a view to improving the effectiveness and quality of expenditure.

The iterative, participatory process at the center of the process of preparing the NPRS2 also guided the approach adopted for the technical tasks involved in constructing the reference framework and its main variant, the MDG scenario. This process encompassed four stages, with several iterations to promote consistency and convergence.

Analysis of Priority Action Programs and their impact on the budget and on growth. Initially, technical meetings were held with the sectoral ministries to agree on priority actions, assess their costs and the budgetary implications of their programming, and estimate the probable impact of the programmed actions on the sectoral growth prospects for the 2008-2011 period.

Macroeconomic framework. In the second stage, based on simulations performed with the aid of a macroeconomic model, the previous estimates were combined with the statistical analysis of sectoral performance in the last ten years to project the medium-term growth profile. These simulations were used to revise the basic draft framework prepared in conjunction with the review of the PRGF program with the IMF (October 2007), so as to take better account of the NPRS2 objectives for 2008-2011 as well as the growth effects of implementing the budgeted NPRS2 priority programs beginning in 2008. Moreover, the assumptions concerning the targets for the mobilization of non-oil tax revenue and oil GDP were used to project government revenue as well as budgetary balances, based on the growth of public expenditure (current and capital) required to finance the priority programs. The information on previously identified external financing then made it possible to balance government finances by determining the residual financing requirements believed to be mobilizable in the medium term.

Central budget framework. Based on the projections of budgetary resources and of the growth of major expenditure items as explained above, additional simulations were run using a budget framework model (Central MTEF Model) to establish resource allocation principles and the desired profile of allocations to the sectors. In this way, sectoral budget appropriations are projected for the 2008-2011 period.

Sectoral budget framework and determination of defined program budgets. A second series of discussions was then organized with the sectoral ministries to define the PAPs, that is, to select from “gross program budgets” the actions to be programmed and executed for the
2008-2011 period, given the sectoral budget appropriations projected in the central MTEF, as explained above. Several iterations in this process were necessary to reach consensus on the reference framework. The results are described in the following sections.

9.1.2 The macroeconomic framework

A. Main assumptions concerning the drivers of growth

Discussions with sectoral players and the analysis of growth sources and PAPs led to the construction of a series of assumptions concerning the drivers of medium-term growth for the 2008-2011 period.

The oil sector. The consortium’s analyses project a steady decline in the output of the main oilfields (Miandoum, Bolobo, and Komé), which would lower oil production by roughly 4 percent on average in the 2008-2011 period. Similarly, crude oil prices are expected to decline 6.7 percent on average during the period. These adverse trends will be mitigated by production at the Maikeri oilfield, which began in July 2007 and will increase gradually, as well as the anticipated effects of major investments in exploration and the development of new oilfields (under partnership agreements with China), and the productivity gains resulting from the improvement of techniques and infrastructure, especially in the field of transport.

The energy sector. Major developments are programmed in this sector, which are expected to boost electricity production capacity considerably in 2008-2011. In 2008 the 21-megawatt Farcha power station will come online and the use of diesel fuel produced using the Doba distillation column for electric power generation will be increased, covering 50 percent of the consumption of N’Djaména. In addition, significant productivity gains are expected from the rehabilitation of the existing plants, as well as from efforts to improve the means of transport. These developments are expected to increase energy production by an estimated 8 percent a year in the 2008-2011 period, which will satisfy the requirements of transforming the economy and the growing needs of households.

Transport infrastructure. The road network was doubled in size between 2000 and 2007, N’Djaména airport was renovated in 2003, and projects to pave the roads connecting Mondou and the border with Cameroon were completed. Continuing the work of paving main highways, including completion of the N’Djaména-Abéché road, is one of the Chadian government’s priorities. Consequently, sustained growth of the transport infrastructure sector is expected, with major spread effects in the construction sector (8.8 percent during the period).

Telecommunications. The sectoral PAP indicates that significant developments already in progress will stimulate growth in the telecommunications sector, leading in turn to productivity and competitiveness gains for the entire economy. This will entail completion of the subregional project linking Chad, Cameroon, and the CAR, and development of the national fiber optic backbone network, which has already been extended to the Doba oil site. These major investments will be enhanced by the growth effects of further liberalization of the sector, greater competition in the field of telephony and Internet access, and growing demand spurred by lower costs and better services. Sectoral growth is therefore projected at 7.2 percent on average during the period, which is 2 points above the average trend of the last ten years.

Industry. The new partnership agreements with India (rehabilitation of the textile mill, the farm equipment assembly plant, a fruit juice manufacturing facility, etc.) and with China (construction of a cement plant, a laminating factory, a refinery, and gold and uranium
exploration), as well as the social peace accords concluded with the opposition (armed and civilian), hold the promise of a social climate favorable to the growth of foreign investment. A rebound is therefore expected in the food processing and textile industries, as well as in construction. This outlook is further enhanced by the competitiveness gains resulting from the decrease in factor costs made possible by the improvement of transport infrastructure, electric power generation, and telecommunications. Consequently, average growth of approximately 6.5 percent is projected in the 2008-2011 period, which is about 1 point above the trend of the last ten years.

**General government fiscal stimuli and production.** Despite the unpredictability of oil revenues, the government plans to maintain a steady pace of public spending, with a gradual shift toward expenditure in support of the social and productive sectors (human resources, production, and infrastructure). At the same time, the government intends to contain and ultimately reduce the non-oil primary deficit from 22 percent in 2007 to the target of 10 percent by 2011.

Moreover, considering the ephemeral nature of oil resources, gradually increasing non-oil revenue will be one of the main components of the government’s tax policy. In this context, the government plans to take the necessary steps, particularly simplifying and clarifying the tax system, as well as increasing the resources and capacities of the Tax and Customs Administrations with a view to gradually raising the tax ratio. As a result, the tax ratio would increase from 8.6 percent of non-oil GDP in 2006 to 10-11 percent by 2011.

In addition, the public spending undertaken at the start of the period and allocated in particular to capital projects in the field of construction is expected to stimulate strong growth in that sector.

Together, these objectives would result in a moderate rate of growth for all expenditure (4.2 percent on average during the period), with the share of investment and the NPRS2 priority sectors increasing steadily, particularly in the 2009-2011 period.

**B. The growth profile**

The reference framework emerging from the above assumptions clearly reflects the government’s resolve under the NPRS2 to promote diversification and prudently accelerate growth, so as to support poverty reduction initiatives.

The annual non-oil GDP growth rate reaches the target of 6.5 percent by 2011, which is twice the 2007 level (3.3 percent), and an average rate of approximately 5.5 percent during the 2008-2011 period.

**Table 9-1: Macroeconomic outlook: 2008-2011**

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<tbody>
<tr>
<td>Real GDP growth</td>
<td>14.3</td>
<td>33.7</td>
<td>7.9</td>
<td>0.2</td>
<td>1.4</td>
<td>3.6</td>
<td>2.3</td>
<td>3.4</td>
<td>4.0</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Oil GDP</strong></td>
<td>253.6</td>
<td>292.8</td>
<td>1.5</td>
<td>-10.5</td>
<td>-4.0</td>
<td>0.6</td>
<td>-6.6</td>
<td>-5.4</td>
<td>-5.8</td>
<td>-4.3</td>
</tr>
<tr>
<td><strong>Non-oil GDP</strong></td>
<td>5.6</td>
<td>2.2</td>
<td>10.9</td>
<td>4.7</td>
<td>3.3</td>
<td>4.6</td>
<td>5.1</td>
<td>5.9</td>
<td>6.5</td>
<td>5.5</td>
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<tr>
<td>Real per capita GDP</td>
<td>11.4</td>
<td>30.2</td>
<td>5.1</td>
<td>-2.4</td>
<td>-1.3</td>
<td>0.9</td>
<td>-0.4</td>
<td>0.7</td>
<td>1.4</td>
<td>0.6</td>
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<tr>
<td>growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real per capita non-oil GDP growth</td>
<td>2.9</td>
<td>-0.5</td>
<td>8.0</td>
<td>2.0</td>
<td>0.6</td>
<td>1.9</td>
<td>2.4</td>
<td>3.2</td>
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<tr>
<td>Non-oil tax ratio</td>
<td>7.8</td>
<td>8.4</td>
<td>8.3</td>
<td>7.6</td>
<td>8.6</td>
<td>9.2</td>
<td>9.8</td>
<td>10.5</td>
<td>11.2</td>
<td>10.2</td>
</tr>
<tr>
<td>Rate of public investment</td>
<td>14.4</td>
<td>17.0</td>
<td>13.8</td>
<td>12.8</td>
<td>13.5</td>
<td>14.7</td>
<td>14.9</td>
<td>14.8</td>
<td>13.8</td>
<td>14.6</td>
</tr>
</tbody>
</table>
Owing to a stepped-up resource mobilization effort resulting from implementation of the Finance Ministry’s PAP, the non-oil tax ratio reaches the target of 11.2 percent by 2011, compared with 8.6 percent 2007, representing a realistic average annual increase of 0.7 point. As a result, the non-oil primary balance improves considerably, going from -22.3 percent in 2007 to about -10 percent by 2011. Overall, the reference framework indicates that, despite the gradual decline in oil revenues expected in 2010-2011, the government will be able to achieve moderate but steady growth in expenditure on NPRS2 implementation, while at the same time keeping the public investment rate at about 14 percent and the non-oil primary balance in the vicinity of 10-11 percent in 2010-2011.

The analysis of sectoral contributions to non-oil GDP growth indicates gains in terms of economic diversification. In particular, the rural sector, which is an NPRS2 priority, is expected to experience sustained growth of approximately 5 percent on average during the period, or 1 point above the trend of the last 5 years (4.2 percent between 2002 and 2006). Food crops (5.5 percent on average) and livestock (3.7 percent) would be the drivers of this growth. Industrial agriculture is expected to grow more slowly during the period because of the uncertain outlook for the main crop, cotton, and despite more favorable prospects for sugar cane (approximately 7 percent average growth during the period).

The contribution of the secondary sector remains significant, with average annual growth of 5.1 percent during the period. This outcome is attributable mainly to the development of the agricultural processing industries, and especially to the dynamism of construction (12.8 percent during the period). The latter benefits from the spread effects of public spending on infrastructure and the social sectors, as well as from major private investments in the energy, oil, telecommunications, and construction sectors. The tertiary sector also exhibits remarkable buoyancy, linked to developments in the secondary sector and in the government (4.1 percent). This in turn leads to the sustained growth of commercial activities (5 percent), transport, and telecommunications (5.7 percent).

Table 9-2: Sectoral contributions to growth

<table>
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</thead>
<tbody>
<tr>
<td>Real GDP</td>
<td>14.3</td>
<td>33.7</td>
<td>7.9</td>
<td>0.2</td>
<td>1.4</td>
<td>3.6</td>
<td>2.3</td>
<td>3.4</td>
<td>4.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Oil GDP</td>
<td>253.6</td>
<td>292.8</td>
<td>1.5</td>
<td>-10.5</td>
<td>-4.0</td>
<td>0.6</td>
<td>-6.6</td>
<td>-5.4</td>
<td>-5.8</td>
<td>-4.3</td>
</tr>
<tr>
<td>Non-oil GDP</td>
<td>5.6</td>
<td>2.2</td>
<td>10.9</td>
<td>4.7</td>
<td>3.3</td>
<td>4.6</td>
<td>5.1</td>
<td>5.9</td>
<td>6.5</td>
<td>5.5</td>
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<tr>
<td>Primary sector</td>
<td>32.8</td>
<td>82.4</td>
<td>5.6</td>
<td>-2.7</td>
<td>-2</td>
<td>1.9</td>
<td>-1.1</td>
<td>0.8</td>
<td>0.4</td>
<td>0.7</td>
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<tr>
<td>Rural sector</td>
<td>5.2</td>
<td>-5.6</td>
<td>12.1</td>
<td>6.2</td>
<td>-0.2</td>
<td>3.5</td>
<td>4.7</td>
<td>5.2</td>
<td>5.9</td>
<td>4.8</td>
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<tr>
<td>Agriculture</td>
<td>7.0</td>
<td>-12.9</td>
<td>20.9</td>
<td>9.8</td>
<td>-3.2</td>
<td>3.9</td>
<td>5.5</td>
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<td>6.9</td>
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<tr>
<td>Food</td>
<td>14.3</td>
<td>-21.2</td>
<td>26.6</td>
<td>16.6</td>
<td>-6.2</td>
<td>3.5</td>
<td>5.4</td>
<td>6.3</td>
<td>6.9</td>
<td>5.5</td>
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<tr>
<td>Industrial</td>
<td>-32.2</td>
<td>61.7</td>
<td>-4.6</td>
<td>-30.0</td>
<td>26.0</td>
<td>6.4</td>
<td>6.7</td>
<td>6.7</td>
<td>7.3</td>
<td>6.8</td>
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<tr>
<td>Livestock</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
<td>3.6</td>
<td>3.8</td>
<td>4.4</td>
<td>4.4</td>
<td>3.7</td>
</tr>
<tr>
<td>Forestry, fishing</td>
<td>5.9</td>
<td>0.1</td>
<td>10.5</td>
<td>1.1</td>
<td>4.8</td>
<td>4.1</td>
<td>4.4</td>
<td>5.1</td>
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<tr>
<td>Oil production</td>
<td>417.5</td>
<td>1.1</td>
<td>-9.6</td>
<td>-3.7</td>
<td>0.5</td>
<td>-6.8</td>
<td>-4.1</td>
<td>-4.1</td>
<td>-3.6</td>
<td>-3.6</td>
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<tr>
<td>Secondary sector</td>
<td>2.3</td>
<td>-7.6</td>
<td>14.7</td>
<td>0.7</td>
<td>0.8</td>
<td>6.2</td>
<td>5.2</td>
<td>4.3</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Industry</td>
<td>2.1</td>
<td>-16.6</td>
<td>36.0</td>
<td>-2.3</td>
<td>-14.9</td>
<td>7.8</td>
<td>5.3</td>
<td>6.2</td>
<td>6.8</td>
<td>6.5</td>
</tr>
<tr>
<td>of which cotton</td>
<td>1.4</td>
<td>-38.5</td>
<td>95.8</td>
<td>-10.9</td>
<td>-44.4</td>
<td>13.1</td>
<td>6.3</td>
<td>6.3</td>
<td>6.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Oil</td>
<td>-0.7</td>
<td>-26.4</td>
<td>8.1</td>
<td>-25.7</td>
<td>-10.9</td>
<td>3.8</td>
<td>-2.5</td>
<td>-33.4</td>
<td>-45.8</td>
<td>-19.</td>
</tr>
</tbody>
</table>
Regarding the uses of GDP, the implementation of national reconstruction and infrastructure development programs and actions results in a sustained increase in public and private investment during the 2008-2011 period. Consequently, the average rate of investment (non-oil) climbs from 16.1 percent in 2007 to 18.2 percent in 2011, supported by public investment initiatives (4 percent to 6 percent between 2007 and 2011). At the same time, both public and private consumption remain robust during the period, owing to the regular payment of civil service wages, the repayment of domestic debt, and the expected restoration of security and peace. However, the share of public and private consumption in GDP contracts slightly in favor of saving and investment.

In the foreign trade sector, the steep decline in oil production and exports explains the contraction of the share of exports in GDP from 52 percent to 39.4 percent between 2007 and 2011. However, this trend is offset by the improved prospects for exports of non-oil products (from 10 percent to 12 percent between 2007 and 2011), especially agricultural products (gum arabic and cotton, etc.), brought about by efforts to diversify growth. Imports remain sizable in proportion to GDP (expanding from 22 percent in 2007 to 30 percent in 2011), owing to the increase in imports of capital goods and oil products to bolster investment and growth.

As a result, there is some erosion of the trade balance during the period. However, with the prospects of receiving debt relief following attainment of the completion point in late 2008, interest payments on debt are expected to decrease sharply, with a concomitant increase in net factor income.

This offsets the current account deterioration brought about by the contraction of oil exports and the rise in capital goods imports.

Table 9-3: Uses.

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<tr>
<td>Final consumption</td>
<td>78.3</td>
<td>54.2</td>
<td>45.9</td>
<td>49.5</td>
<td>54.4</td>
<td>58.2</td>
<td>62.3</td>
<td>68.3</td>
<td>71.3</td>
<td>62.9</td>
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<tr>
<td>Private</td>
<td>63.5</td>
<td>43.5</td>
<td>36.6</td>
<td>40.2</td>
<td>42.6</td>
<td>45.5</td>
<td>48.8</td>
<td>53.7</td>
<td>56.0</td>
<td>49.3</td>
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<tr>
<td>Public</td>
<td>14.8</td>
<td>10.7</td>
<td>9.3</td>
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<td>11.8</td>
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<td>13.5</td>
<td>14.6</td>
<td>15.3</td>
<td>13.6</td>
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<td>Investment</td>
<td>42.0</td>
<td>25.8</td>
<td>20.3</td>
<td>16.0</td>
<td>16.1</td>
<td>17.9</td>
<td>19.1</td>
<td>17.5</td>
<td>18.2</td>
<td>17.8</td>
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<tr>
<td>Private</td>
<td>35.5</td>
<td>20.8</td>
<td>16.2</td>
<td>12.5</td>
<td>12.1</td>
<td>13.0</td>
<td>13.8</td>
<td>11.7</td>
<td>12.2</td>
<td>12.6</td>
</tr>
<tr>
<td>of which oil sector</td>
<td>30.8</td>
<td>17.1</td>
<td>12.8</td>
<td>8.9</td>
<td>7.9</td>
<td>8.4</td>
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<td>7.3</td>
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<td>Public</td>
<td>6.4</td>
<td>5.1</td>
<td>4.1</td>
<td>3.5</td>
<td>4.0</td>
<td>4.9</td>
<td>5.3</td>
<td>5.8</td>
<td>6.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Exports</td>
<td>25.4</td>
<td>50.5</td>
<td>54.5</td>
<td>57.0</td>
<td>51.9</td>
<td>48.3</td>
<td>43.8</td>
<td>38.5</td>
<td>39.4</td>
<td>44.4</td>
</tr>
<tr>
<td>Non-oil</td>
<td>16.9</td>
<td>11.3</td>
<td>10.0</td>
<td>10.0</td>
<td>9.5</td>
<td>10.1</td>
<td>10.8</td>
<td>11.3</td>
<td>12.1</td>
<td>10.8</td>
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</table>


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C. Government finance

Revenue. Total revenue falls considerably as a percentage of non-oil GDP and loses 11 points (from 38 percent to 27 percent) between 2007 and 2011. This is due to the expected sharp decline in oil revenues, which the increase in non-oil revenue is not sufficient to offset. Indeed, the gain in tax revenue resulting from the increase in the non-oil tax ratio (11.9 percent in 2011 compared to 8.5 percent in 2007) and the sustained growth of non-oil GDP was unable to offset the expected decline in oil revenues, although it mitigated the decrease in overall revenue.

Table 9-4: Government revenue

<table>
<thead>
<tr>
<th>Percent of non-oil GDP</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>17.6</td>
<td>32.3</td>
<td>37.8</td>
<td>37.8</td>
<td>28.1</td>
<td>27.4</td>
<td>26.7</td>
</tr>
<tr>
<td>Oil revenue</td>
<td>7.9</td>
<td>23.7</td>
<td>28.5</td>
<td>27.8</td>
<td>16.6</td>
<td>15.1</td>
<td>13.7</td>
</tr>
<tr>
<td>Non-oil revenue</td>
<td>9.7</td>
<td>8.6</td>
<td>9.4</td>
<td>10.0</td>
<td>11.5</td>
<td>12.3</td>
<td>13.1</td>
</tr>
<tr>
<td>Of which tax revenue</td>
<td>8.4</td>
<td>7.9</td>
<td>8.5</td>
<td>9.2</td>
<td>10.5</td>
<td>11.3</td>
<td>11.9</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>1.2</td>
<td>0.7</td>
<td>0.9</td>
<td>0.9</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

The government will step up efforts to further increase tax resources, without, however, discouraging investors and producers, hence the imperative of substantially improving tax yields. In this respect, and as in the case of comparable countries, the average annual increase of 0.7 point in the non-oil tax ratio programmed for the 2008-2011 period is ambitious but entirely realistic, considering the government’s program of reforms and the low starting point in 2008 (the 8.5 percent figure is half the average rate of the CAEMC countries and puts Chad at the bottom of the ladder). Chad can achieve even better results in the mobilization of resources by strictly and sustainably executing its priority action program in this area.

Expenditure. The growth of the major expenditure items clearly reflects the government’s concerns, but also highlights the difficulties to be overcome to avoid future slippages. A noticeable effort has been made to contain current expenditure and free up resources for investment, subject to reduction of the primary balance to the target of 10 percent. Indeed, the objective of lowering the non-oil primary balance to around 10 percent (a 12-point reduction) has been partially attained, owing to the increase of 2.6 points in the non-oil tax ratio (from 8.6 percent to 11.2 percent between 2007 and 2011), with the remainder (8.9 points) coming from a relative decrease in primary current expenditure during the period.

Table 9-5: Expenditure

<table>
<thead>
<tr>
<th>Percent of non-oil GDP</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure</td>
<td>24.5</td>
<td>35.3</td>
<td>39.6</td>
<td>34.4</td>
<td>32.2</td>
<td>31.6</td>
<td>30.6</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>11.4</td>
<td>20.2</td>
<td>23.1</td>
<td>19.8</td>
<td>17.3</td>
<td>16.7</td>
<td>15.9</td>
</tr>
<tr>
<td>Wages</td>
<td>6.1</td>
<td>7.0</td>
<td>7.9</td>
<td>8.0</td>
<td>7.9</td>
<td>7.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Goods and services</td>
<td>6.1</td>
<td>7.0</td>
<td>7.9</td>
<td>8.0</td>
<td>7.9</td>
<td>7.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Transfers (- nonrecurrent exp.)</td>
<td>2.5</td>
<td>9.0</td>
<td>10.5</td>
<td>7.6</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Interest</td>
<td>0.6</td>
<td>0.8</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>13.2</td>
<td>15.0</td>
<td>16.5</td>
<td>14.6</td>
<td>14.9</td>
<td>14.9</td>
<td>14.7</td>
</tr>
</tbody>
</table>
Analysis of the profile of major expenditure items (Table 9-5) indicates that the gain of 9 points was achieved essentially at the expense of primary current expenditure, which lost 7.2 points during the period, in contrast to only 0.5 point for domestically financed capital expenditure. This illustrates the government’s resolve to continue its fiscal consolidation efforts, primarily by controlling current expenditure without sacrificing capital expenditure.

Overall, analysis of the growth of the major revenue and expenditure items reveals that the government will be able, in the medium term, to reconcile the objectives of macroeconomic stability and support for growth and poverty reduction in the context of the programmed decline in oil revenues, but not without difficulty. The government is aware of the importance of paying closer attention to the composition of expenditure and controlling certain current expenditure items, especially wages and transfers, so as to create greater room for maneuver and free up more resources to support priority poverty reduction and growth programs. The following analyses of the distribution of expenditure by sector (central MTEF) will shed greater light on this important issue of the optimal structure of expenditure and its consistency with the objectives of the strategy.

9.1.3 The medium-term budgetary framework

Having assessed the growth of the major public revenue and expenditure items with a view to gauging their medium-term sustainability, the objective at this point is to analyze the allocation of medium-term budgetary resources to the various sectors and ministries. The aim of this part of the fiscal analysis is to determine how the government plans to respond to the financing requirements of sectoral programs while at the same time taking due account of both resource constraints and NPRS2 priorities.

A. Methodology.

To clarify these choices, a medium-term budgetary programming exercise is undertaken with the aid of a budget simulation model (Central MTEF model). The exercise consists of three phases:

- **Determination of the resources to be allocated.** The overall budget (government revenue and domestic and external financing) is reconstituted, based on the TOFE derived from the reference macroeconomic framework. Then, debt service and other expenditures are deducted from that budget to obtain the envelope of resources to be allocated to the budget sections and to centralized expenditure.

- **Analysis of sectoral needs and performance.** The PAPs and the figures they contain (sectoral MTEFs) are examined to assess sectoral needs, and past programs are analyzed to evaluate the sectors’ performance in executing budgets and action programs and the effectiveness of those actions (attainment of the objectives targeted in the matrices of indicators).

- **Allocation of budgetary resources to sectors and ministries.** Next, intersectoral budget appropriations for the programming period are simulated, taking into account: (i) the
essential needs of the ministries (wages and routine maintenance, see Box 8); (ii) expenditure to support ongoing programs and investment-related recurrent expenditure, and (iii) for the remainder, the amounts to be allocated to new projects based on the resources still available, NPRS2 priorities, and sectoral performance (see Box 9).
Box 8: Stages in the allocation of central MTEF resources

| Stage 0: Identification of the overall budget to be allocated to the budget sections |
| Total TOFE expenditure other than debt service and special accounts - Centralized expenditure |
| Stage 1: Identification of essential expenditures |
| Minimal operating expenses of administrative departments and units responsible for the production of public services (schools, health centers, current transfers, etc.) |
| Stage 2: Identification of amounts outstanding and recurrent expenses |
| Class of multiyear projects already in progress (budgeted in 2007), the execution of which is spread over several years, and recurrent capital expenses. |
| Stage 3: Identification of the resources to be allocated to new projects |
| TOTAL3 = TOTAL0 - TOTAL1 - TOTAL2 |

Order of selection of new projects:

1. Projects where external financing is both available and entirely or largely concessional, and where only the provision of national counterpart funds is pending
2. “Mature” projects supported by a feasibility study and included in the NPRS2

TOTAL3 Distribution by economic type

5. Current
   a. Permanent balance
   b. Wages
   c. Goods and services
      i. Maintenance
      ii. Other recurrent expenses
6. Capital
   a. Projects in progress
   i. New projects
**Box 9: Guiding Principles for New Project Budgeting**

**Level 1 priority:** projects where external financing is available and entirely or largely concessional, and where only the provision of counterpart funds is pending

**Level 2 priority:** “mature” projects supported by a feasibility study and included in the NPRS2. Their selection is based on:

(i) **Reference to the NPRS and other national strategic objectives.**
Ministerial allocations must be reconciled with the government’s strategic objectives by ensuring that budget appropriations are an effective, quantified reflection of NPRS2 priorities.

(ii) **Statement of needs.**
Budget appropriations must have explicit implementation points aimed at the attainment of sectoral strategic objectives. The quality of the statement of needs is based on the existence of a sectoral strategic vision, a PAP ensuring effective implementation of the strategy, and multiyear programming linked to an MTEF.

(iii) **Track record.**
Account must be taken of the ministry’s ability to use appropriations, as evidenced in budget review laws, and of its physical execution capacity, as demonstrated in the physical/financial reports of ministerial departments.


**B. The profile of medium-term budget appropriations**

A series of macroeconomic and budgetary simulations based on the central MTEF yielded a profile of intersectoral appropriations that reflects the government’s budgetary stance and takes due account of overall resource constraints and NPRS2 priorities.

**Table 9-6: Sectoral appropriations (in percent of the budget allocated to ministries + centralized expenditure)**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social sectors</strong></td>
<td>23.7</td>
<td>24.0</td>
<td>23.8</td>
<td>25.9</td>
<td>26.1</td>
<td>26.3</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>15.4</td>
<td>14.6</td>
<td>14.1</td>
<td>15.7</td>
<td>15.9</td>
<td>16.0</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>5.6</td>
<td>5.6</td>
<td>6.7</td>
<td>7.0</td>
<td>7.1</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>Social and Cultural Development</strong></td>
<td>2.7</td>
<td>3.8</td>
<td>3.0</td>
<td>3.2</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Production and trade</strong></td>
<td>17.5</td>
<td>17.8</td>
<td>13.8</td>
<td>13.9</td>
<td>14.3</td>
<td>14.6</td>
</tr>
<tr>
<td><strong>Productive Infrastructure</strong></td>
<td>14.1</td>
<td>17.5</td>
<td>16.9</td>
<td>17.2</td>
<td>17.4</td>
<td>17.9</td>
</tr>
<tr>
<td><strong>General and Financial Administration</strong></td>
<td>10.0</td>
<td>9.4</td>
<td>10.0</td>
<td>10.1</td>
<td>9.9</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Defense and Security</strong></td>
<td>16.3</td>
<td>13.1</td>
<td>14.8</td>
<td>14.3</td>
<td>14.2</td>
<td>14.1</td>
</tr>
<tr>
<td><strong>Sovereignty and Governance</strong></td>
<td>13.8</td>
<td>11.2</td>
<td>10.6</td>
<td>11.0</td>
<td>11.1</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Sovereignty</strong></td>
<td>10.0</td>
<td>7.5</td>
<td>7.4</td>
<td>7.5</td>
<td>7.5</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>3.8</td>
<td>3.7</td>
<td>3.2</td>
<td>3.4</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total Ministries</strong></td>
<td>95.3</td>
<td>93.1</td>
<td>90.0</td>
<td>92.5</td>
<td>93.0</td>
<td>93.5</td>
</tr>
<tr>
<td><strong>Centralized Expenditure</strong></td>
<td>4.7</td>
<td>6.9</td>
<td>10.0</td>
<td>7.5</td>
<td>7.0</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total ministries &amp; centralized expenditure</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Of which: Total priority</td>
<td>55.9</td>
<td>60.8</td>
<td>55.5</td>
<td>57.2</td>
<td>58.2</td>
<td>59.1</td>
</tr>
<tr>
<td><strong>Total nonpriority</strong></td>
<td>44.1</td>
<td>39.2</td>
<td>44.5</td>
<td>42.8</td>
<td>41.8</td>
<td>40.9</td>
</tr>
</tbody>
</table>

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Analysis of the appropriations indicates that despite the substantial weight of essential expenditures, wages in particular, the government has clearly made an effort to cover development expenses by allocating a growing share of “discretionary” (nonessential) resources to the NPRS2 priority sectors. As a result (Table 9-6), the share of the budget allocated to the social sectors increases annually by 0.6 point on average during the 2008-2011 period (from 24 percent to 26.3 percent), and the shares of the productive sectors and productive infrastructure increase from 2009 onward, following the major adjustment made in 2008. In the end, the NPRS2 priority sectors gain close to one point (0.9) on average for each year of the period, which boosts their share of domestic resources from 55.5 percent in 2008 to 59 percent by 2011, while the share of the other sectors contracts slightly during the period (from 44.5 to 41 percent).

The analysis of budget shares, all resources combined (domestic and external, Table 9-7), confirms the government’s overall budgetary stance within the NPRS2 framework. In particular, the share of priority expenditures (including debt service) relative to the overall budget (external resources and debt service included) increases to 68.7 percent by 2011, which is close to the target of 70 percent set by the government. This reflects the government’s resolve to devote a minimum of two-thirds of the budget to expenditures that have the greatest potential impact on growth and poverty reduction, and to implement that vision through a more strategic approach (NPRS2) and within a more analytical, flexible, and progressive (PAP and MTEF) operational framework.

Table 9-7: Distribution of the overall budget based on NPRS priorities

<table>
<thead>
<tr>
<th>Resources Sectors</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority</td>
<td>291.6</td>
<td>130.9</td>
<td>422.6</td>
<td>310.2</td>
<td>137.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>187.7</td>
<td>20.5</td>
<td>208.1</td>
<td>247.7</td>
<td>15.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>67.4</td>
<td>-</td>
<td>67.4</td>
<td>54.1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>546.7</td>
<td>151.4</td>
<td>698.1</td>
<td>612</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In percent of total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority+debt</td>
<td>70.2</td>
<td></td>
<td>65.6</td>
<td>66.7</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>29.8</td>
<td></td>
<td>34.4</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

9.1.4 Progress on poverty reduction and the other MDGs

Concomitantly with the preparation of the macroeconomic and budgetary framework for this reference scenario, additional simulations were run to estimate the effects of the growth profile and the above-described budgetary choices on the medium-term prospects for poverty reduction and Chad’s progress toward attainment of the MDGs by 2015. The estimates pertain to (i) the change in the overall incidence of poverty (rate of income poverty) and (ii) progress toward attainment of the other main MDGs, particularly those pertaining to education and health.
Box 10: Methodology for Projecting MDG Indicators

Because of problems with the data, a simplified methodology (which is nevertheless relatively robust for the aggregate data) was adopted for these projections. The methodology is based on a simple model linking the change in the poverty rate to its principal determinants, particularly per capita income growth and income distribution. In the interest of simplicity, the sole focus was the growth effect, which is the predominant element in the incidence of poverty dynamic.

Projection of the incidence of income poverty. For this, the growth profile analysis (cf. section 9.1.2) provides necessary information on the average rates of sectoral growth, both in the past and during the programming period (2008-2011). In addition, quantitative analyses of the poverty profile provide estimates of income poverty rates by sector of activity for 1996 and 2003. Next, and despite methodological problems concerning the comparability of the results of the two surveys, a summary analysis was performed of the spread of poverty between the two surveys and by sector of activity. Data on sectoral growth rates and changes in poverty rates by sector of employment between 1996 and 2003 were cross checked in order to estimate the elasticities of the incidence of poverty vis-à-vis per capita income growth by sector, as well as for the economy as a whole. These elasticities are then applied to the projected rates of growth in the sectors for the programming period (2008-2011) to estimate the change in the poverty rate between 2007 and 2001, and, by aggregation, to obtain the overall incidence of poverty during that period. Considering the inaccuracies in the estimation of elasticities, sensitivity analyses were performed by changing the elasticities and taking as benchmarks the results obtained in other countries and/or in more detailed studies of these issues. It was then possible to estimate the rate of poverty in a confidence interval for the NPRS2 programming period (2011) and for the MDG horizon (2015).

Projection of other MDG indicators. A similar approach based on elasticities was used to project the other MDGs from the profile of growth and public expenditure. The methodology is based on a simple model linking the dynamic of the MDGs to the growth of per capita income (‘growth profile’ effect) and the growth of per capita public expenditure allocated to the individual sectors with primary responsibility for the attainment of each MDG (‘expenditure profile’ effect). For example, progress toward the education sector MDGs depends on the growth of per capita income (per capita non-oil GDP growth) and of allocations from the central MTEF to the education sector.

Analyses from the last fifteen years (since 1995) served as the basis for calculating the average rate of per capita income growth as well as the real growth of per capita public expenditure allocated to sectors specifically targeted by the MDGs, particularly education, health, infrastructure, and agriculture. At the same time, sectoral analyses and studies monitoring the MDGs were used to obtain benchmarks for those goals for 1995 and for 2000 and after (specifically for 2003). From these calculations, a simple model was estimated, explaining progress toward the MDGs as the result of growth effects (per capita income growth) and the effects of the distribution of public expenditure (growth of expenditure allocated to the sectors targeted in the MDGs). In the projection, the elasticities thus obtained were applied to the growth rates of the overall budgets of the central MTEF during the programming years to infer progress toward the MDGs by 2011, and then, by extrapolation, for the period 2012-2015. The results of these calculations are shown in Table 9.8.

A. Progress on the incidence of income poverty

The results of the simulations indicate that if the assumptions of the reference scenario are correct, Chad would be able to reduce income poverty and improve the social development indicators significantly and sustainably, without, however, “converging” with the MDGs. Indeed, the assumption of an average growth rate of the order of 5.5 percent between 2008 and 2011 and of 6.5 percent from 2012 to 2015 in the reference scenario yields an average rate of per capita income growth of approximately 3 percent during 2008-2011 and 4 percent
from 2012 to 2015. With realistic assumptions concerning the degrees of transmission for the Chadian economy (elasticity excluding distributional effects is estimated between -1.0 and -1.88, the average for countries in the zone), the simulations indicate that the poverty rate would decline by 7 to 8 points between 2007 and 2011. In one case (moderate transmission, elasticity at -1.3), the rate of income poverty would decrease substantially from 47.4 percent in 2007 to 40.3 percent in 2011. However, with the assumption of more redistributive growth (significant transmission, elasticity at -1.88), the poverty rate would converge with the MDG target of 27 percent by 2015.

Table 9-8: Change in the incidence of poverty

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average annual income growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>2.6</td>
<td>2.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-oil GDP</td>
<td>5.5</td>
<td>6.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per capita non-oil GDP</td>
<td>2.8</td>
<td>4.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average annual real growth of per capita public expenditure</strong></td>
<td>1.4</td>
<td>13.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>1.0</td>
<td>19.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>2.2</td>
<td>15.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.7</td>
<td>14.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drinking water infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Poverty rate (end-of-period)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elasticity of poverty reduction at -1.3</td>
<td>55 % in 2003</td>
<td>47.4 %</td>
<td>40.3 %</td>
<td>28.3 %</td>
</tr>
<tr>
<td>Elasticity of poverty reduction at -1.8</td>
<td></td>
<td>44.0 %</td>
<td>34.5 %</td>
<td>19.9 %</td>
</tr>
<tr>
<td><strong>Other MDGs(*)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>39.5 % in 1995</td>
<td>69.7 %</td>
<td>72.4 %</td>
<td>83.5 %</td>
</tr>
<tr>
<td>Primary school gross enrollment ratio</td>
<td>15.8 % in 1995</td>
<td>43 %</td>
<td>46.6 %</td>
<td>65.5 %</td>
</tr>
<tr>
<td>Primary school completion rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>102.6 in 1996</td>
<td>102</td>
<td>96.5</td>
<td>59</td>
</tr>
<tr>
<td>Rate of infant and child mortality</td>
<td>827.0 in 1996</td>
<td>1099</td>
<td>1014.7</td>
<td>586</td>
</tr>
<tr>
<td>Mortality rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and livestock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kilocalories</td>
<td>44.2 % in 1995</td>
<td>40 %</td>
<td>40.5 %</td>
<td>30.0 %</td>
</tr>
<tr>
<td>Water and sanitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of access to safe drinking water</td>
<td>21.0 % in 2000</td>
<td>35%</td>
<td>41.3 %</td>
<td>45.0%</td>
</tr>
</tbody>
</table>

(*) : Results of simulations

B. Progress on other MDG indicators

In the reference scenario, the real average growth of per capita “MDG” expenditure is approximately 4 percent between 2007 and 2015. This sustained effort compensates in part for the delay incurred on certain MDGs between 1995 and 2007. For example, as indicated in the preceding chapters, between 1995 and 2007 progress on the health MDGs stagnated (the infant and child mortality rate leveled off at around 100 per 1,000 births) or even deteriorated (the rate of maternal mortality rose from 827 to 1,099 per 100,000 births).

Generally speaking, the sustained growth of per capita income and of “MDG” expenditure permitted correction of these trends for the 2008-2011 period. For example, the primary school gross enrollment ratio increased rapidly from approximately 40 percent in 1995 to 70 percent in 2007 and approaches 100 percent (98) by 2015. In contrast, the primary school
completion rate, which was especially low in 1995 (roughly 16 percent) and in 2007 (43 percent) remains close to 60 percent in 2011 and 80 percent in 2015.

Overall, the improvement in the incidence of income poverty and the social indicators shows that despite Chad’s already considerable efforts in recent years and other major efforts programmed within the framework of the NPRS2 reference scenario, much remains to be done in terms of both mobilizing resources and increasing policy effectiveness to ensure that Chad remains on the path toward attainment of the MDGs. The following analyses reveal the scope of these efforts.

9.2 The MDG scenario

In this scenario, a series of simulations is run to estimate the growth rate of per capita income and of the budget appropriations necessary to ensure that the poverty and human development indicators converge appropriately toward the levels targeted in the MDGs by 2015.

**Box 11: Methodology for Projecting the MDG Scenario**

*Envelope and profile of “MDG expenditure.”* The United Nations Development Programme (UNDP) has developed and put in place in the member countries a model for estimating the cost of attaining the Millennium Development Goals. This model was used by the sectoral ministries responsible for the MDGs (MDG ministries) to assess the cost of the actions necessary to attain the MDGs in Chad. These figures were then used to prepare an “MDG MTEF” in which the “MDG sectors” receive all the resources needed to finance the activities programmed for attainment of the MDGs. It is assumed that non-MDG expenditure will evolve at the same rate as in the reference scenario. This yields the growth rate of total current and capital expenditure.

*MDG growth profile.* The next step is to align the GDP growth profile with the above-determined public expenditure profile, in the envelope as well as in the sectoral appropriations. To that end, a framework model was simulated using the reference scenario, but with a new “MDG public expenditure” profile. The growth of non-oil GDP obtained in this manner (and its sectoral profile) thus ensure attainment of the sectoral MDGs (education, health, etc.) targeted by public expenditure. An ex post verification is then performed using the elasticity model discussed above to ensure that this growth rate and profile, estimated on the basis of MDG expenditure, also permit the attainment of MDG 1, that is, a poverty rate converging toward the target of 27 percent by 2015.

*MDG financing requirements.* Once non-oil GDP is estimated in this manner, the same tax policy assumptions are applied as in the reference scenario to determine the government’s own resources. This yields an “MDG TOFE” in which the financing gap is theoretically closed with external resources. The growth profile, the TOFE, and the “MDG” MTEF are summarized in Tables 9-10 through 9-12. The following table recapitulates the key indicators of the scenario, including the rates of per capita income growth, per capita MDG expenditure, and improvement in the MDG indicators.

**A. The growth profile**

Using the same assumptions adopted for the drivers of growth in the reference scenario, but with faster expenditure growth owing to the “MDG” component, as explained above, the annual rate of non-oil GDP growth, starting at 3.3 percent in 2007, reaches the target of 8 percent by 2011, for an average rate of approximately 6.5 percent during the 2008-2011 period. The calculations based on elasticities indicate that this average growth rate indeed allows for reaching a poverty rate in the meantime of between 20 percent and 30 percent, depending on the degree of transmission (elasticity ranging from -1.3 to -1.88), which is clearly on track for attainment of the MDG target of 27 percent.
Table 9-9: Real growth rate (MDG scenario)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>5.6</td>
<td>7.9</td>
<td>5.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Livestock</td>
<td>2.8</td>
<td>7.6</td>
<td>6.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Fishing and mining</td>
<td>4.1</td>
<td>5.1</td>
<td>6.6</td>
<td>8.0</td>
</tr>
<tr>
<td>Oil</td>
<td>0.5</td>
<td>-2.9</td>
<td>-2.9</td>
<td>-2.4</td>
</tr>
<tr>
<td><strong>Secondary sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing and handicrafts</td>
<td>3.4</td>
<td>5.1</td>
<td>6.7</td>
<td>7.9</td>
</tr>
<tr>
<td>Water and electricity</td>
<td>7.5</td>
<td>19.4</td>
<td>7.4</td>
<td>8.0</td>
</tr>
<tr>
<td>Construction</td>
<td>10.5</td>
<td>10.0</td>
<td>5.4</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Tertiary sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and transport</td>
<td>6.3</td>
<td>2.9</td>
<td>6.2</td>
<td>7.3</td>
</tr>
<tr>
<td>General government</td>
<td>6.2</td>
<td>12.0</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Services</td>
<td>3.9</td>
<td>4.1</td>
<td>5.5</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total value added</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.7</td>
<td>1.0</td>
<td>3.9</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>GDP at market prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.4</td>
<td>1.0</td>
<td>3.9</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Non-oil GDP</strong></td>
<td>4.9</td>
<td>6.0</td>
<td>6.9</td>
<td>8.0</td>
</tr>
</tbody>
</table>

B. **Expenditure profile**

Analysis of the sectoral distribution of expenditure shows that the surge in expenditure in the “MDG sectors” led to a significant increase in their share of the total budget (Table 9-10). As a result, the share of expenditure allocated to the NPRS2 “priority” sectors improves, rising from 68 percent in 2011 for the reference scenario to 73.5 percent in the MDG variant. It is also noted that current expenditure has been curbed in favor of capital expenditure, which gains two points (13 percent to 15 percent) in 2011 from one scenario to the other.

Table 9-10: Allocation of resources in the MDG scenario (in percent)

<table>
<thead>
<tr>
<th>Resources</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Total priority</td>
<td>291.6</td>
<td>130.9</td>
<td>422.6</td>
<td>232.0</td>
<td>78.1</td>
</tr>
<tr>
<td>Total nonpriority</td>
<td>187.7</td>
<td>20.5</td>
<td>208.1</td>
<td>258.1</td>
<td>0</td>
</tr>
<tr>
<td>Debt service</td>
<td>67.4</td>
<td>-</td>
<td>67.4</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>546.7</td>
<td>151.4</td>
<td>698.1</td>
<td>540.1</td>
<td>78.1</td>
</tr>
</tbody>
</table>

C. **Improvement in MDG indicators**

Regarding the MDGs, the estimates made with the above-described model clearly confirm that the average rate of per capita income growth and the increase in “MDG” public expenditure are indeed sufficient for convergence of the indicators with the MDG targets for education, health, food security, and access to safe drinking water.

D. **Financing requirements**

The assumptions concerning the mobilization of non-oil resources are the same as in the reference scenario. However, the faster growth of non-oil GDP in the MDG scenario (annual
average of 6.5 percent versus 5 percent in the reference scenario) indicates the availability of additional domestic resources to sustain the growth rate of MDG expenditure.

However, the improvement in revenue is not sufficient to compensate for the faster growth of expenditure, which, in 2011, amounts to one-third of non-oil GDP (32.0 percent), in contrast to 28 percent in the reference scenario. The result is a financing gap that widens from CFAF 35 billion in 2008 (roughly 2 percent of non-oil GDP) to CFAF 175.7 billion in 2011 (6.0 percent of non-oil GDP).

These results indicate that the government will do everything possible to boost domestic revenue in order to raise the level of non-oil revenue (for example, toward the tax revenue target of 12 percent). At the same time, efforts to improve the quality of expenditure will strengthen its impact on the development goals. The increase in effectiveness may then reduce the cost of attaining the MDGs, resulting in a more sustainable level of expenditure.

At the same time, a concerted effort should be made in the context of implementing the NPRS2 to mobilize additional external resources to enable Chad to progress toward attainment of the MDGs in a sustainable fashion.

### Table 9-11: Fiscal profile, MDG scenario

<table>
<thead>
<tr>
<th>Percent of non-oil GDP</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>17.3</td>
<td>31.1</td>
<td>37.0</td>
<td>36.1</td>
<td>26.8</td>
<td>26.1</td>
<td>25.4</td>
</tr>
<tr>
<td>Oil</td>
<td>7.8</td>
<td>22.8</td>
<td>27.8</td>
<td>26.5</td>
<td>15.3</td>
<td>13.8</td>
<td>12.4</td>
</tr>
<tr>
<td>Non-oil</td>
<td>9.5</td>
<td>8.3</td>
<td>9.1</td>
<td>9.5</td>
<td>11.5</td>
<td>12.4</td>
<td>13.0</td>
</tr>
<tr>
<td>tax revenue</td>
<td>8.3</td>
<td>7.6</td>
<td>8.3</td>
<td>8.7</td>
<td>10.5</td>
<td>11.3</td>
<td>11.9</td>
</tr>
<tr>
<td>non-tax revenue</td>
<td>1.2</td>
<td>0.6</td>
<td>0.9</td>
<td>0.8</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>24.2</td>
<td>33.9</td>
<td>38.7</td>
<td>36.2</td>
<td>30.7</td>
<td>30.1</td>
<td>32.0</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>11.2</td>
<td>19.5</td>
<td>22.6</td>
<td>21.2</td>
<td>16.8</td>
<td>16.2</td>
<td>17.3</td>
</tr>
<tr>
<td>Wages</td>
<td>6.0</td>
<td>6.8</td>
<td>7.7</td>
<td>7.6</td>
<td>7.5</td>
<td>7.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Goods and services</td>
<td>2.0</td>
<td>3.2</td>
<td>4.0</td>
<td>3.8</td>
<td>3.2</td>
<td>3.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Transfers (- nonrecurrent exp.)</td>
<td>2.5</td>
<td>8.7</td>
<td>10.3</td>
<td>9.6</td>
<td>5.4</td>
<td>5.4</td>
<td>6.1</td>
</tr>
<tr>
<td>Interest</td>
<td>0.6</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Investment expenditure</td>
<td>13.0</td>
<td>14.5</td>
<td>16.1</td>
<td>15.0</td>
<td>13.9</td>
<td>13.8</td>
<td>14.8</td>
</tr>
<tr>
<td>Domestic financing</td>
<td>4.1</td>
<td>6.2</td>
<td>8.8</td>
<td>8.8</td>
<td>8.8</td>
<td>8.1</td>
<td>8.4</td>
</tr>
<tr>
<td>External financing</td>
<td>8.9</td>
<td>8.3</td>
<td>7.3</td>
<td>6.2</td>
<td>5.8</td>
<td>5.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Total primary balance</td>
<td>2.6</td>
<td>6.2</td>
<td>6.2</td>
<td>9.6</td>
<td>2.4</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Non-oil primary balance</td>
<td>-5.1</td>
<td>-16.6</td>
<td>-21.6</td>
<td>-16.9</td>
<td>-12.9</td>
<td>-11.5</td>
<td>-10.1</td>
</tr>
<tr>
<td>Financing requirement (in percent of non-oil GDP)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.6</td>
<td>3.0</td>
<td>4.8</td>
<td>6.0</td>
</tr>
</tbody>
</table>
9.3 Risk analysis

Both the reference scenario and its “MDG” variant are projections of the growth profile and the social development indicators, based on assumptions concerning the domestic and international economic environment and effective implementation of the NPRS2 programs. It follows that any major change in the environment or in the rate of program execution will cause deviations – in respect of growth, poverty, and social development - from the levels targeted in the reference scenario. The following section analyzes the extent of these deviations in light of the various risk factors, particularly exogenous factors such as adverse changes in the price of oil or a climatic shock affecting agricultural production, as well as endogenous factors linked to the execution of programs and the corresponding budgets.

A. Decrease in the price of oil vis-à-vis the reference scenario

The assumption adopted in the reference scenario concerning the rising trend in oil prices is rather pessimistic. Nevertheless, because of its importance in terms of revenue and the financial sustainability of the government’s program, a decrease in the price of oil of roughly 10 percent a year vis-à-vis the reference scenario will have the immediate consequence of reducing revenue and, therefore, decreasing oil-financed expenditure accordingly. This contraction in expenditure adversely affects the execution of programs and projects, particularly in the productive, basic infrastructure, and social sectors, which negatively impacts GDP growth and attainment of the MDGs.

B. Effect of rainfall shocks on agriculture

Even when rural sector development programs are properly executed and prove effective, climate remains a determinant of the growth of agricultural production. A sharp decrease in precipitation from the average of the last ten years will directly affect agricultural GDP and, therefore, non-oil GDP, as well as non-oil revenue, necessitating a downward adjustment of public expenditure financed with non-oil resources. Given the cyclical nature of such shocks, (every three years, the two most recent having occurred in 2004 and 2007), another rainfall shock could occur in 2010, with repercussions in 2011.

C. Slippage in the implementation of the PAPs in the priority sectors

Slippage in implementing the sectoral ministries’ priority action programs, resulting in the execution of 75 percent or less of the programmed capital budget (volume effect) as well as less effective public spending (smaller “multiplier” effect of public consumption and investment), will delay the implementation of public projects and programs promoting private investment, increased national wealth, and improved access to social services.

D. Major change in the composition of expenditure

For example, if security problems persist, military expenditure could increase faster than programmed in the reference scenario. This would necessitate a corresponding reduction in the current expenditure of other sectors or in capital expenditure in the priority sectors. Indeed, if military spending exceeds the amount indicated in the reference scenario, non-oil GDP would certainly increase in the first year (2009), but would then decrease significantly in the next two years (2010-2011). This is attributable to the larger short-term multiplier effect of military spending (spike in government consumption) and the negative effects on productive investment and, therefore, on medium-term GDP.
In conclusion, it appears that the road to attainment of the NPRS2 and MDG goals and targets entails risks linked to exogenous or climatic shocks as well as the pace and effectiveness of program execution. Chad could deviate from the growth and social development reference profile and thus from the critical path to attainment of the MDGs in the event of climatic shocks, adverse developments on the oil market, or delays in the implementation of priority programs. Naturally, the government cannot control exogenous factors such as the price of oil or climatic conditions, but it can mitigate the consequences by resolutely implementing the programs included in the strategy to accelerate diversification of the economy.
Chapter 10. Institutional framework, mechanisms for monitoring, assessing, and revising the strategy

10.1 Institutional framework

The institutional framework for NPRS2 monitoring and assessment consists of the High-Level NPRS Oversight Committee, a Government/Partners Committee, and a Poverty Observatory.

10.1.1 The High-Level NPRS Oversight Committee

The High-Level NPRS Oversight Committee is the political entity responsible for overseeing the implementation, monitoring, and assessment of the strategy. It is chaired by the Prime Minister, Head of Government, and includes the ministers responsible for managing the priority sectors, as well as the Secretary General of the Office of the President of the Republic. Its main functions are to: (i) define the broad guidelines of the poverty reduction policy, (ii) supervise implementation of the strategy, (iii) take steps necessary for the proper functioning of the departments involved in achieving the NPRS objectives, and (iv) assist in the mobilization of funds necessary to finance poverty reduction activities and the operations of units put in place to monitor the strategy.

It examines and approves reports and documents produced by the NPRS Steering Committee. Decisions taken following its deliberations become acts of government in accordance with the procedures in force and are executed by the institutions and departments concerned. The Coordinator of the Economic Unit serves as its secretary, prepares meetings, and keeps minutes. The High-Level Committee meets once every six months in ordinary session. It may hold extraordinary sessions as necessary.

10.1.2 The Government/Partners Committee

This committee’s function is to facilitate dialogue among the ministers responsible for the priority sectors, development partners, social partners, and the private sector. It enables government representatives to consult their partners on such matters as ongoing poverty reduction programs and projects, the mobilization of the corresponding resources, and the assessment of NPRS implementation. It can also propose new orientations to enhance the effectiveness of the strategy. The committee meets once every quarter. It is chaired by the Minister of Economy and Planning. The Minister of Finance is the Vice Chairman. The Coordinator of the Economic Unit serves as secretary.

10.1.3 The Poverty Observatory

The Poverty Observatory is the technical arm of the mechanism. It monitors implementation of the strategy and evaluates and proposes adjustments and corrections needed to enhance the impact of poverty reduction programs and activities furthering the aims of the strategy. The Observatory includes a Steering Committee, a Technical Secretariat, and sectoral and local technical interface authorities. Each year it produces a progress report on the implementation
Poverty Reduction and Growth Strategy Paper

The NBCD and the Millennium Development Goals (MDGs). It produces and disseminates the report on Sustainable Human Development (SHD).

The **NPRS Steering Committee is the central body of the Poverty Observatory and has the following functions:**

- raise awareness of the NPRS, the MDGs, and Sustainable Human Development and ensure their ownership by all parties concerned and by the general public;
- ensure the consistency of sectoral, intersectoral, regional, and local poverty reduction projects and programs;
- assess the impact of the implementation of the NPRS on the beneficiaries;
- orient and supervise the activities of the Technical Secretariat of the Poverty Observatory and provide any assistance it may require.

The Steering Committee includes representatives of the public sector, the private sector, civil society organizations, NGOs, Parliament, and the Oil Revenue Oversight and Control Board (CCSRP). Other institutions such as the Office of the President of the Republic, the Office of the Prime Minister, the Economic, Social, and Cultural Council, the University, the City Hall of N’Djaména, the Bank of Central African States (BEAC) and the commercial banks are also represented. The Committee is chaired by the Secretary General of the Ministry of Economy and Planning. The Director General of Economy and Planning serves as secretary. The committee meets once a quarter to assess NPRS implementation and the impact of poverty reduction projects on the beneficiaries. The ministries responsible for the priority sectors are represented by their secretaries general. The Director General of INSEED, the Directors General responsible for Planning of the Ministries of Health and National Education, the Coordinator of the Transport Sector Monitoring Unit, and the Coordinator of the Permanent Rural Sector Development Unit are members of the committee. The development partners take part in its work.

The NPRS Steering Committee is organized into subcommittees responsible for monitoring priority activities programmed in accordance with the main NPRS pillars. The Directors of Research and Planning of the ministries responsible for the priority sectors and/or focal points are members of the monitoring subcommittees. Civil society organizations and the private sector are represented on the same bases as their representation on the Steering Committee. The monitoring subcommittees meet once a quarter and are assisted by the Technical Secretariat of the Poverty Observatory.

The **Technical Secretariat of the Poverty Observatory** is a small unit responsible for assisting the Observatory and the Steering Committee in all their activities, particularly:

- preparation of the meetings of the Steering Committee and its subcommittees;
- drafting of NPRS, MDG, and SHD monitoring reports;
- strengthening of the poverty reduction capacities of the units making up the sectoral and local technical interface authorities and the social partners of the government; and
- preparation and implementation of an NPRS, MDG, and SHD communication strategy.

The Technical Secretariat is the linchpin of the mechanism. It consists of a team of multisectoral experts working in the priority sectoral ministries involved in the implementation of poverty reduction programs and projects. It is assisted by the technical
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departments of the ministries concerned in monitoring NPRS priority actions and collecting the data required for production of the NPRS, MDG, and SHD reports.

The sectoral and local technical interface authorities are responsible for providing the Steering Committee with information on NPRS implementation through the ministerial departments and administrative units. They essentially include INSEED, the Directorate General of the Budget, the Directorate General of the Treasury, the Directorates of Research and Planning of the priority sector ministries, the Directorates of Administrative and Financial Affairs, and the regional offices of the ministries concerned. They provide information concerning poverty trends and the impact of projects on the beneficiaries in specific locations. They monitor the progress and conclusions of public expenditure reviews in the priority sectors, as well as the preparation and implementation of the priority action programs of the ministries concerned.

Among the administrative units, the local committees, which were created in the 18 regional capitals, have the following functions: (i) heighten public awareness of the NPRS objectives, (ii) prepare an assessment of local poverty, and (iii) produce reports on the implementation of regional and local activities undertaken within the framework of the strategy. They include representatives of government agencies, the private sector, civil society, NGOs, and decentralized local governments. The mechanism should be extended, insofar as possible, to the departments and subprefectures for purposes of effective local monitoring of basic economic and social activities aimed at poverty reduction.

Monitoring the NPRS will depend largely on the contribution of the sectoral ministries. They should therefore be fully involved in this work and held accountable. Accordingly, the ministries responsible for the priority sectors should report periodically on the execution of their strategy and its contribution to poverty reduction. To ensure the continuity of the NPRS and MDG monitoring system, focal points will be designated in each sector to serve as technical interfaces with the Poverty Observatory.

10.2  Implementation and monitoring mechanisms

10.2.1  Definition of objectives

NPRS1 monitoring was complicated by the fact that the priority sectors had defined very few specific sectoral objectives with the requisite monitoring and measurable results indicators. Objectives and results to be achieved by 2011 were therefore defined for the NPRS2.

10.2.2  NPRS implementation

The NPRS will be implemented through priority action programs, taking due account of the resource constraints and the expenditure stabilization principles. The sectoral ministries – in collaboration with the development partners, the private sector, and the civil society organizations involved in those sectors – will execute the PAPs and produce monitoring reports to inform the public about the progress of poverty-reducing activities.

Steps will be taken to create budget headings for NPRS activities so as to facilitate their financing, implementation, and monitoring. The Ministry of Finance will identify NPRS programs, projects, and activities in the budget annexes. The CID will improve the format of the budget annexes and include a bridge table for use in monitoring the budgetary execution of NPRS activities. It will therefore be necessary, in order to monitor execution, to identify pro-poor spending in advance in the MTEF and the sectoral budgets.
10.2.3 NPRS monitoring

The monitoring activities will include studying the trends and the results obtained during the period, in specific areas and for the benefit of given population groups. Data will be collected and processed in order to identify factors that influence the attainment of objectives and to provide decision-makers with necessary information concerning the relative effectiveness of the measures adopted as well as any corrections that may be required. The monitoring will focus on strategic pillars and activities and will include the use of monitoring indicators defined and approved by all stakeholders.

It is essential that monitoring begin in the first year for each of the strategic pillars and for each of the activities selected. This will require ensuring: (i) that the resources necessary for carrying out the programmed priority actions are available, (ii) that the planned activities are carried out satisfactorily, and (iii) that activities not carried out or that run into problems will be reviewed and appropriately adjusted.

Monitoring will include: (i) operational monitoring of programmed activities, (ii) monitoring of public expenditure, (ii) more specific monitoring of expenditure by purpose, and (iv) statistical monitoring.

A) Operational monitoring

This involves the monitoring of programs and projects (priority programs in particular) envisaged within the framework of poverty reduction. The coordinating and steering units of the projects and programs will provide the data necessary for the Technical Secretariat to determine whether strategic choices have been translated into specific actions that are materially and financially identifiable. Operational monitoring will reveal, very early on, whether the actions necessary for program implementation have in fact been initiated. It will also have the advantage of encouraging the development partners to participate actively in NPRS execution and monitoring.

B) Budgetary monitoring

Public expenditure reviews will facilitate assessment of the government’s financial efforts to reduce poverty (inter- and intra-sectoral budget choices of the government and the sectors, as well as the implementation of those choices). These reviews will be conducted on a regular basis for the budget as a whole and in all the sectors identified as priorities for poverty reduction. The reports will be widely disseminated and discussed, and the conclusions reached will influence future budget choices. The government plans to create specific budget headings for pro-poor expenditure. When these data become available, they will be used systematically in public expenditure reviews to assess progress toward the preparation of budgets and spending programs that are increasingly focused on poverty reduction.

C) Monitoring expenditure by purpose

This type of monitoring will reveal to what extent budget appropriations actually benefit users, particularly the users of basic services and the poorest populations. It will also facilitate the identification of obstacles that prevent expenditure from reaching outlying areas, especially the poorest regions. It will, in addition, make it possible to assess to what extent the poorest populations are satisfied with services (access and quality). The system will be gradually expanded to include all priority sectors.

D) Statistical monitoring

The National Statistical System in general and INSEED in particular will be responsible for producing data on the monitoring of indicators by conducting surveys and collecting data
from administrative sources. As coordinator of the system, INSEED will ensure that the information system provides for regular, expert guidance. A minimal statistical program, including organization of the General Census of Population and Housing, as well as ECOSIT and EDST-type surveys, is required for the production of data.

10.2.4 Monitoring indicators

NPRS2 monitoring and assessment will be based on indicators clearly distinguishing three separate levels: (i) activities, (ii) results, and (iii) impact. A set of appropriate indicators is constructed to: (a) monitor progress on the implementation of priority action programs and resource management processes; (b) measure results against objectives; and (c) assess the impact on the indicators of income and nonincome poverty.

The choice of indicators was based on their relevance, availability, and observability. The impact indicators will summarize changes in the various dimensions of poverty. They will provide an overview of success or failure in terms of the main components of the welfare of populations in the medium and long terms.

The results indicators will be used to closely monitor the short- and medium-term effects of NPRS2 and will focus on elements with the greatest influence on the impact indicators. Some of these indicators are likely to change rapidly in the short term (vaccinations, for example), while others leave little room for maneuver (frequency of health center visits).

The activity indicators are related to the results indicators (activities leading to results) and are closely linked to the implementation of priority action programs. They include elements related to inputs (number of schools built or renovated, number of kilometers of roads built or maintained, etc.) and to the process (number of actual hours of teaching per week, availability of essential drugs, etc.).

10.3 NPRS Assessment - Interim adjustments

The purpose of assessing the NPRS2 will be to compare objectives with outcomes, explain discrepancies and deviations, and propose corrective measures to improve the effectiveness of policies and programs. Such an assessment may be made in 2010. It will measure the trends revealed by the indicators and make it possible to judge the quality or inadequacy of programmed actions. It will be based on the data generated in the simplified surveys carried out in 2008 and 2009.

The aim of monitoring and assessment is not only to determine the degree of success or failure of the actions taken, but also to make necessary adjustments in the event of significant deviations. Monitoring and assessment will therefore serve as effective decision-making tools for the steering and oversight authorities. Consequently, the strategy will be subject to revisions of varying import throughout the implementation process, when necessitated by unforeseen obstacles, insufficient resources, or new circumstances.

One of the bases for such revisions will be the new strategic discussions that the priority sectors will undertake periodically concerning their objectives and priorities. The government will encourage such discussions based on the specific needs of each sector. To ensure that these new discussions are integrated into an effective poverty reduction policy, they will be preceded in all cases by in-depth consultations with civil society and with the representatives of users of the services, and will include a careful analysis of the budgetary implications of new sectoral strategies, within the framework of the MTEFs approved by the government.
10.4 Preparation of the 2011-2015 NPRS

Preparation of the third NPRS will begin very shortly. Indeed, the Poverty Observatory, economic and financial institutions and ministries, sectoral ministries, and civil society must be given the time necessary to conduct a critical analysis of the future macroeconomic and sectoral priorities of the poverty reduction effort.

The government therefore plans to begin the work of preparing the third strategy and the 2011-2015 action plans in 2010. This preparatory work will be based on: (i) the new strategic discussions undertaken by the priority sectors and the lessons learned from periodic assessments, (ii) economic and social developments in the national, regional, and international environments, (iii) analysis of the government’s current and future financial resources and their use, (iv) development assistance trends and prospects, (v) analysis of the capacity building of public and private institutions involved in implementing the strategy, and (vi) the progress of the partnership between the government, parliament, and civil society and the coordination of external assistance.
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ACRONYMS

APE  PARENTS ASSOCIATION
BET  BORKOU ENNEDI TIBESTI
CAR  CENTRAL AFRICAN REPUBLIC
CAT  TECHNICAL SUPPORT CENTER
CNAR NATIONAL PROSTHETICS [AND FUNCTIONAL REHABILITATION] CENTER
CNS  SOVEREIGN NATIONAL CONFERENCE
CNSP CHILDREN IN NEED OF SPECIAL PROTECTION
COGES SCHOOL/HEALTH MANAGEMENT COMMITTEE
COTONTCHAD CHAD COTTON COMPANY
CP 1  1ST YEAR OF PRIMARY SCHOOL
CP 2  2ND YEAR OF PRIMARY SCHOOL
CPA CENTRAL DRUG PROCUREMENT AGENCY
CSDR SECTORAL CONSULTATION ON RURAL DEVELOPMENT
DAI DIGITAL ACCESS INDICATOR
DEAFPR DIRECTORATE OF AGRICULTURAL RESEARCH [AND] VOCATIONAL TRAINING
DPIFD POLICY STATEMENT ON THE INTEGRATION OF WOMEN IN DEVELOPMENT
DRHF DIRECTORATE OF HUMAN RESOURCES AND TRAINING
ECOSAB BILTINE HEALTH EDUCATION INSTITUTE
ECOSIT CHAD HOUSEHOLD AND INFORMAL SECTOR CONSUMPTION SURVEY
EFA  EDUCATION FOR ALL
EFL  EDUCATION IN FAMILY LIFE
ENASS NATIONAL TRAINING SCHOOL FOR HEALTH AND SOCIAL ASSISTANTS
ETFIP TECHNICAL AND VOCATIONAL TRAINING
FID  DECENTRALIZED INITIAL TRAINING
FONAREST NATIONAL RESEARCH SUPPORT FUND
FONDEG GENDER EQUALITY DEVELOPMENT FUND
GDP  GROSS DOMESTIC PRODUCT
HDI  HUMAN DEVELOPMENT INDEX
HGRN HÔPITAL GÉNÉRAL DE RÉFÉRENCE NATIONAL
HR  HUMAN RESOURCES
ICT  INFORMATION AND COMMUNICATIONS TECHNOLOGIES
IMCI INTEGRATED MANAGEMENT OF CHILDHOOD ILLNESS
ITRAD AGRICULTURAL AND DEVELOPMENT RESEARCH TECHNICAL INSTITUTE
MASSNF MINISTRY OF SOCIAL ACTION, NATIONAL SOLIDARITY, AND THE FAMILY
MDG MILLENNIUM DEVELOPMENT GOALS
MEN MINISTRY OF NATIONAL EDUCATION
MEQVPN MINISTRY OF THE ENVIRONMENT, QUALITY OF LIFE, AND NATIONAL PARKS
MTEF MEDIUM-TERM EXPENDITURE FRAMEWORK
NPRS NATIONAL POVERTY REDUCTION STRATEGY
OEV ORPHANS AND VULNERABLE CHILDREN
ONDR NATIONAL RURAL DEVELOPMENT OFFICE
OP  FARMERS ORGANIZATIONS
OPJ CRIMINAL INVESTIGATION OFFICER
PAN/LCD NATIONAL ACTION PLAN TO COMBAT DESERTIFICATION
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>PAP</td>
<td>PRIORITY ACTION PROGRAMS</td>
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<tr>
<td>PARSET</td>
<td>PROGRAM SUPPORTING CHADIAN EDUCATION SECTOR REFORMS</td>
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<td>PCA</td>
<td>COMPLEMENTARY PACKAGE OF SERVICES</td>
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<tr>
<td>PER</td>
<td>PUBLIC EXPENDITURE REVIEW</td>
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<tr>
<td>PLHIV</td>
<td>PERSON LIVING WITH HIV/AIDS</td>
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<td>PMA</td>
<td>MINIMUM PACKAGE OF SERVICES</td>
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<td>PMTCT</td>
<td>PREVENTING MOTHER-TO-CHILD TRANSMISSION</td>
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<tr>
<td>PMTRA</td>
<td>MEDIUM-TERM RESEARCH PROGRAM</td>
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<tr>
<td>PNAE</td>
<td>NATIONAL ENVIRONMENTAL ACTION PLAN</td>
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<td>PNSA</td>
<td>NATIONAL FOOD SECURITY PROGRAM</td>
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<td>PRODEL</td>
<td>LOCAL DEVELOPMENT PROGRAM</td>
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<tr>
<td>PROSE</td>
<td>SECTORAL CAPACITY BUILDING PROGRAM</td>
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<tr>
<td>SDA</td>
<td>MASTER PLAN FOR AGRICULTURE</td>
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<tr>
<td>SN/DB</td>
<td>NATIONAL BIODIVERSITY STRATEGY</td>
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<td>SNA</td>
<td>NATIONAL TREE WEEK</td>
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<tr>
<td>SOTEL</td>
<td>TELECOMMUNICATIONS COMPANY</td>
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<tr>
<td>SSDM</td>
<td>SYSTEM FOR TRACKING EXPENDITURE BY PURPOSE</td>
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<tr>
<td>STPE</td>
<td>CHADIAN POST OFFICE AND SAVINGS BANK</td>
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<td>TOFE</td>
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INTRODUCTION

VISION AND PRIORITIES

The government's strategic vision is to promote economic growth that will reduce poverty and vulnerability in the medium and long term. The need to respond urgently to the aspirations of the Chadian people in the areas of health and longevity, education, well-being, and freedom requires meeting three major challenges. The ecological challenge consists of protecting the environment and natural resources – land, water, animals, and pastures – on which Chad is pinning its diversification hopes. There is also a political challenge, which involves resolving and preventing conflicts and consolidating peace and social harmony in order to promote Chad’s economic and social development. Finally, the economic challenge requires defining and implementing a consistent set of sectoral policies to accelerate growth, strengthen the social sector, and reduce poverty in response to the expectations of the people and the Millennium Development Goals.

The opportunities presented by the petroleum era complicate the situation by creating a development challenge: the public sector, private sector, civil society, and the people must work together to halve poverty by 2015 from the 2003 level of 55 percent and to consolidate the foundations of an economy that is sufficiently diversified to handle the post-petroleum era shock. As a target for 2011, the challenge around which all of the government's efforts will converge is to achieve an average non-oil GDP growth rate of 5.5 percent in order to reduce the proportion of Chadians living below the poverty line from 55 percent (base 2003) to 40.3 percent.

The National Poverty Reduction and Growth Strategy (NPRS2) is considered the main instrument for implementing the MDGs in Chad. Based on the lessons learned from the implementation of previous public policies, the second-generation NPRS gives top priority to agriculture and promotion of the rural sector, where 87 percent of the poor live. Increasing food production and farmers’ incomes is essential for reducing poverty. Increasing the productivity of the agricultural sector is closely linked with investments to increase access to transportation, information, and communications, safe drinking water and sanitation, modern forms of energy, and better use of surface water. All this will be accomplished in a rational framework for the preservation of nature and ecosystems.

In the medium and long term, it is essential to develop human resources in order to enable the population to participate in and benefit fully from economic growth. Over time, this involves ensuring that all Chadian children have access to high-quality, universal primary education, eliminating inequality of access to education, health, nutrition and nonagricultural employment, and establishing the social safety nets that are essential to improving the living conditions of homeless children, the disabled, women, the elderly, and other marginalized groups.

Finally, the need to protect the interests of future generations requires integrating environmental protection in all sectoral policies, by promoting direct investment to reduce environmental degradation and improve ecological surveillance.
OBJECTIVES AND FUNCTIONALITIES OF THE PAP

As explained in the main paper, the sectoral priorities and objectives of the NPRS2 have changed little since the first version of the strategy (NPRS1). The most important way in which the NPRS2 is different is the emphasis that the authorities place on implementation of the strategy to ensure effective execution of its programs and attainment of the targets and objectives.

The main weakness of the NPRS1 did not lie in the substance and relevance of its policies and programs, but rather in their programming and execution. The PAP is designed to correct these weaknesses. It was developed with the effective participation of the sectoral ministries under the coordination of the central ministries (Economy and Planning, and Finance). It translates the strategic approaches and policies of the NPRS2 into four-year sectoral and ministerial action plans, with specific targets and objectives spread out over the four years of the program, which are budgeted (program budgets), executed, and revised annually.

*The PAP is above all a multisectoral programming instrument.* It combines the priority programs of all sectors/ministries, ensures that they are anchored in the strategic thrusts of the NPRS2, and breaks them down into projects and activities for achievement of specific targets over time. Discussions are organized around the preparation of the PAP in order to review the programs and projects and align them, not only within each ministry, but also and in particular within each sector and with the other sectors (for example, the consistency of rural development programs with infrastructure and human resources development programs in rural areas; or the consistency and complementarity of rural and urban strategies with programs for the processing of agricultural products – the agriculture/industry/services link – or population movements between regions – links between urban drift and urban policies, etc.). The PAP is therefore the key instrument for programming and coordinating actions, in terms of both the substance of programs and the sequencing of implementation timetables. It makes it possible to minimize friction, maximize complementarities and synergies, and thus ensure the convergence of resources on the targets laid out in the strategies and therefore the effectiveness of all of the government’s actions in the context of the NPRS.

*The PAP is also an instrument for the “strategic framing” of the MTEF and thus an aid in program budgeting (preparation of program budgets).* The sectoral modules of the PAP provide detailed definitions of the activities making up the programs and projects, which are used to cost all operations relating to these projects and thus to prepare the program budgets (sectoral MTEFs). It thus provides a bridge between the strategy and the budget framework through the MTEF. As part of this important budget function, the PAP contributes to a better alignment of the budget to the strategy priorities (strategic framing of the budget).

*Finally, the PAP is an instrument that helps to monitor execution of the NPRS programs.* Each ministry attaches a matrix of actions to its PAP, including a list of targets, indicators of deployed resources, achieved and anticipated results, and, where possible, the expected impacts. The NPRS monitoring mechanism stipulates that each ministry must produce an annual execution report for its PAP, including an analysis of programs, actual results, budgets, and, based on that analysis, proposed timely revisions of programs. In this sense, the PAP monitoring report constitutes the centerpiece of the mechanism for monitoring implementation of the NPRS2. The NPRS2 execution report is simply a synthesis of the sectoral PAP execution reports.

Use of the PAP makes the sectoral ministries more accountable for the definition, budgeting, execution, monitoring, and periodic revision of the NPRS programs. As indicated for the
monitoring mechanism, the full review of the NPRS, including the reviews of sectoral policies and strategies and the impact analyses, does not take place until the end of the four-year implementation period, in preparation for a new version of the NPRS.

The PAP plan is similar to the NPRS2 plan. The objectives, programs, and projects are grouped under the NPRS pillars, particularly by programs relating to: (i) political, security, administrative, and judicial governance; (ii) diversification of the economy and its implications for the productive sectors, from agriculture to services; (iii) infrastructure; (iv) the rural sector; and (v) the social sectors.

THE STRATEGIC PILLARS OF THE NPRS2

No matter how relevant the action plans that are prepared, their successful implementation depends closely on good governance. Consequently, the promotion of good management of public resources and affairs is listed first among the following priority intervention pillars:

1. Promoting good governance to strengthen social cohesion and the effectiveness of policies.
2. Creating an environment favorable to robust and diversified economic growth.
3. Enhancing the growth potential of the rural sector.
4. Developing infrastructure as a driver of growth.
5. Promoting human resources.

Under the supervision of the Steering Committee, these pillars have been broken down into priority action programs prepared in close cooperation with the managers of the priority poverty reduction sectors, the Directorate General of the Budget, and senior officials of the Ministry of Economy and Planning, with contributions from civil society organizations.

Pillar I: Promoting good governance to strengthen social cohesion and the effectiveness of policies

The strategy gives priority to the following actions: (i) consolidating political governance; (ii) accelerating the reform of the justice system; (iii) improving administrative governance; and (iv) and strengthening economic governance.

1.1 Consolidating political governance

Three major programs are planned to consolidate political governance: (i) strengthening of democratic institutions; (ii) conflict resolution; and (iii) strengthening of defense and security forces.

Program 1.1.1: Strengthening of democratic institutions

Priorities and objectives

- Improve and consolidate the democratic process.
- Strengthen the partnership between the State, civil society, and the private sector.

Projects (measures and actions)
• Implementation of the political agreements aimed at achieving stability and peace.
• Electoral census.
• Implementation of a Capacity Building Fund for partnerships between participants from the public and private sectors and civil society.

Expected results
• Enhanced rule of law.
• Increased social and public accountability.
• Political climate favorable to peace and security.

Program 1.1.2: Conflict resolution

Priorities and objectives
• Enhance the social climate and promote the peaceful coexistence of the various communities.

Projects (measures and actions)
• Development and implementation of an institutional support program in the Cultural, Social, and Economic Council.
• Revision of the Law on Transhumance.
• Adoption of the Law Strengthening the Capacities of the National Ombudsperson.
• Signing of a partnership agreement between the Ombudsperson and the Chadian Red Cross to promote humanitarian values.

Expected results
• More peaceful relations between farmers and livestock herders.
• Decline in the frequency of inter- and intra-community and/or religious conflicts.
• At least 100,000 displaced persons cared for.

Program 1.1.3: Strengthening of defense and security forces

Priorities and objectives
• Reform the Chadian National Army.
• Improve the capacity of the police and gendarmerie to intervene.

Projects (measures and actions)
• Development and implementation of a program in support of the reform of the Chadian National Army (PARANT).
• Development and implementation of a plan to enhance the capacities of the gendarmerie.
• Development and implementation of a program in support of capacity building for the police force.
• Stepping-up of the National Demining Program.

Expected results
• Emergence of an army of professions working in the service of development.
• Prevention, intervention, and support capacities enhanced.
• Larger area of the country made secure.
I.2 Improving administrative governance

Improving administrative governance involves: (i) administrative reform; (ii) improvement of the strategic development framework; (iii) enhancement of the social dialogue; (iv) improvement of social welfare systems; (v) strengthening of the labor market management information system; and (vi) decentralization.

Program 1.2.1: Administrative reform

Priorities and objectives
- Improving the functioning of the government.

Projects (measures and actions)
- Implementation of the recommendations of the audits of nine ministries.
- Implementation of the recommendations of the organizational and institutional audits of 14 other ministries.
- Implementation of the specifications for an information system for five pilot ministries.

Expected results
- At least 50 percent of job profiles enhanced in the nine audited ministries.
- Capacities of the 14 other ministries strengthened.
- Information system for the five ministries validated and implemented.

Program 1.2.2: Improvement of the strategic development framework

Priorities and objectives
- Enhance the capacities of employment offices.

Projects (measures and actions)
- Training of 30 job counselors.
- Recruitment of 20 economists, statisticians, and planners.
- Construction and equipment of a building housing the employment offices.

Expected results

Program 1.2.3: Enhancement of the social dialogue

Priorities and objectives
- Enhance the capacity for social dialogue.

Projects (measures and actions)
- Creation of the National Social Dialogue Committee.
- Training of participants.

Expected results
- Instrument creating the National Social Dialogue Committee signed and published.
- Key participants in the social dialogue trained.
Program 1.2.4: Improvement of social welfare systems

**Parties and objectives**
- Improve the socioprofessional protection of workers.

**Projects (measures and actions)**
- Restructuring of the CNPS.
- Adaptation of CNPS products.
- Design of new operational social welfare mechanisms.

**Expected results**
- Strategic audit completed.
- New CNPS services proposed.
- Two (2) new social welfare mechanisms created and operational.

Program 1.2.5: Labor market management and information system

**Priorities and objectives**
- Contribute to a better knowledge of the labor market.

**Projects (measures and actions)**
- Development of a logical framework.
- Establishment of an employment database.
- Personnel training.

**Expected results**
- Information system established and operational.

Program 1.2.6: Decentralization

**Priorities and objectives**
- Complete the decentralization process.

**Projects (measures and actions)**

**Expected results**
- Decentralized authorities established and functional.

### 1.3 Accelerating the reform of the justice system

Following the States General of Justice held in June 2003, the government adopted a Justice System Reform Program in February 2005. The first priority of the reform is to train personnel and improve access through the establishment of a community-based system. Implementation of the program involves: (i) enhancement of field services; (ii) improvement of the judicial administration; (iii) legislative and judicial reforms; (iv) improvement of judicial affairs and pardons; (v) reform of the correctional system; and (vi) legal and judicial protection of children.

Program 1.3.1: Enhancement of field services

**Priorities and objectives**
- Deal with cases expeditiously.
• Bring those seeking justice closer to the justice system.
• Monitor the execution of court decisions.

**Projects (measures and actions)**
• Enhance staff skills (initial and ongoing training for 100 judges and 100 clerks, as well as support staff).
• Construction and equipment of 3 appeals courts (Moundou, Abéché, and Koumra) and 18 tribunals.

**Expected results**
• Capacity of the Public Prosecutor to initiate proceedings, support charges, apply for sanctions, and monitor the execution of court decisions enhanced.

Program 1.3.2: Improvement of the judicial administration

**Priorities and objectives**
• Improve the management and productivity of functional entities by means of coordination, internal controls, and administrative, financial, and physical management of units.

**Projects (measures and actions)**
• Construction of the Ministry of Justice.
• Recruitment and training of 10 administration and management officials.

**Expected results**
• Effective coordination and monitoring of units’ activities.
• Optimal management of human and physical resources.

Program 1.3.3: Legislative and judicial reform

**Priorities and objectives**
• Adapt the laws and regulations and the judicial apparatus to the current context and developments (revamping of laws and regulations governing justice system activities).
• Prepare appropriate laws and regulations to fill gaps in certain areas.

**Projects (measures and actions)**

**Expected results**
• Judicial and institutional environment improved.
• Business climate more secure and more attractive to foreign investment.
Program 1.3.4: Improvement of judicial affairs and pardons

Priorities and objectives
- Guarantee the respect of the rights of others recognized in positive laws by means of parole, rehabilitation, pardons, and amnesties.
- Define a criminal policy in line with reality on the basis of statistics for the various jurisdictions.
- Ensure that justice is properly administered.
- Strengthen the management of government seals and coats of arms.

Projects (measures and actions)
- Development of the judicial districting map.

Expected results
- Up-to-date information system on the activities of the various courts established, showing their capacity or lack thereof to handle the volume of cases before them within reasonable time frames, the technical quality of their output, and consequently a realistic approach to the ongoing training requirements of judges and a coherent estimate of real staffing needs (judges and clerks).

Program 1.3.5: Reform of the correctional system

Priorities and objectives
- Adapt the Chadian correctional system to international standards subject to the conventions and principles set out in the Constitution.

Projects (measures and actions)
- Regional consolidation of correctional facilities (from 53 to 33).
- Program of inmate production and rehabilitation activities.

Expected results
- Transition from harsh incarceration to a form of re-education, apprenticeship, and vocational training.
- Correctional system improved and in the service of social development.

Program 1.3.6: Legal and judicial protection of children

Priorities and objectives
- Ensure that there are legal and judicial protections for children by establishing structures that comply with standards.
- Align national laws and regulations with international laws protecting the rights of children and disseminate these instruments widely.

Projects (measures and actions)
- Implementation of an effective coordination system between the various participants involved in protecting children.
- Listing and compilation of international and national laws relating to children and purchase of manuals on the legal protection of children.
- Preparation of draft laws on educational assistance and revision of certain provisions of the Criminal Code.
- Development of a policy on the protection of minors in correctional facilities.
**Expected results**
- Institutional framework for the legal and judicial protection of children established.

### 1.4 Strengthening economic governance

Enhancing economic governments requires: (i) implementing the NPRS2 and (ii) combating corruption and promoting transparency.

**Program 1.4.1: Implementing the National Poverty Reduction Strategy**

**Priorities and objectives**
- Substantially reduce poverty and improve the socioeconomic conditions of the people accordingly.
- Make progress toward attainment of the MDGs.

**Projects (measures and actions)**
- Enhancement of national capacities for the implementation and monitoring of the NPRS with a view to attainment of the MDGs.
- Compilation of statistics.
- General Census of Population and Housing (GCPH).
- Surveys (ECOSIT3, EDST 3, etc.).

**Expected results**
- Ability of ministries in the priority sectors to implement and monitor the NPRS2 enhanced.
- Reliable monitoring and assessment indicators for the NPRS2 and MDGs available.
- NPRS and MDG monitoring reports regularly produced.
- Instruments for defining program budgets (macroeconomic framework, medium-term expenditure framework, program budgets) widely used in the priority sectors.

**Program 1.4.2: Combating corruption and promoting transparency**

**Priorities and objectives**
- Introduce strategic instruments to strengthen the moral integrity of society and institutions.
- Combat extortion, influence peddling, abuse of power and public goods, and misappropriation of public funds.

**Projects (measures and actions)**
- National survey on the perception of corruption.
- Development of a national anti-corruption strategy.
- Creation of ethics committees in the public and parapublic sectors.
- Drafting of laws on illicit enrichment and implementing laws and regulations on the disclosure of assets.
- Drafting of the Code of Good Conduct.
- Drafting and adoption of a financial control and audit procedures manual.

**Expected results**
- Transparency in public procurement resulting in lower capital costs.
• Less corruption in Chad.

**Pillar II. Creating an environment promoting robust and diversified economic growth**

In anticipation of the end of the oil investment and production stabilization period, which will result in a slowdown in economic growth, it is important to enhance the competitiveness of the Chadian economy and ensure its integration into the regional and global markets. Therefore, to support strong, sustainable growth that can reduce poverty, the strategy establishes four objectives: (i) stabilize and enhance the macroeconomic framework; (ii) revitalize the private sector; (iii) promote employment in urban and rural areas; [(iv) implement the Fiscal Modernization Plan (PAMFIP)]; and (v) promote regional integration.

Program 2.1: Macroeconomic framework

**Priorities and objectives**
- Enhance the instruments for managing and monitoring macroeconomic policies.
- Make a common macroeconomic forecasting tool available to INSEE, the Directorate of Research and Forecasting, and the Poverty Observatory.

**Projects (measures and actions)**
- Retooling of the methodology for preparing the national accounts using the ERETES (Supply-Use Balance/Input-Output Table) module.
- Retooling of the macroeconomic forecasting methodology to make it more flexible and less complex.

**Expected results**
- Module based on the ERETES method available for preparing the national accounts.
- Flexible macroeconomic forecasting module available and widely used.

Program 2.2: Revitalization of the private sector

**Priorities and objectives**
- Promote a dynamic private sector as an engine for the creation of wealth and jobs.

**Projects (measures and actions)**
- Establishment of a framework for ongoing dialogue between the government and the private sector.
- Reform of the tax and customs systems.
- Application of the Investment Charter.
- Creation of the National Investment and Export Promotion Agency.
- Establishment of a functioning one-stop shop.

**Expected results**
- Business environment improved.
- Many jobs created.
- Lower youth unemployment rate.
Program 2.3: Promotion of employment in urban and rural areas

Priorities and objectives
- Strengthen initiatives for the creation of micro and small enterprises
- Incorporate labor-intensive techniques into large investment projects.

Projects (measures and actions)
- Provision of business incubation centers to promoters.
- Facilitation of access to financing and support for entry into the formal sector.
- Support for existing oversight and assistance structures.
- Drafting and adoption of laws and regulations introducing labor-intensive techniques.

Expected results
- Large numbers of jobs offered to young people in rural and urban areas.
- Decline in the unemployment rate and urban drift.

Program 2.4: Fiscal Modernization Plan (PAMFIP)

Priorities and objectives
- Help the government reform its management of public finances to ensure greater transparency and effectiveness.

Projects (measures and actions)
- Preparation of the MTEF and program budgets and allocation of expenditure based largely on the priorities of the NPRS2.
- Respect of the timetable for the preparation and approval of budgets.
- Enhancement of the capacities of the Ministry of Finance and the Administrative and Financial Affairs Directorates in the technical ministries and improvement of the computerized financial management system.
- Strengthening of the audit and control institutions, particularly the Audit Office and the Oil Revenue Oversight and Control Board.
- Consolidation of the new institutional framework for public procurement.

Expected results
- Budget structures improved and links with the NPRS strengthened.
- At least 85 percent of priority program budgets executed on a cash basis.
- Almost permanent monitoring of public spending, the cash flow position, and the financial performance of the government (improved table covering the four stages).
- At least 10 sectoral MTEFs based on annual expenditure reviews.

Program 2.5: Regional integration

Priorities and objectives
- Promote regional cooperation.

Projects (measures and actions)
- Streamlining of the tariff structure in Chad and in the CAEMC.
- Establishment of a mechanism for reduced taxation of inputs used by export companies.
• Updating of the various codes regulating enterprises, particularly the Commercial Code, the Mining Code, the Labor Code, the Telecommunications Code, the Energy Code, etc., by integrating them into CAEMC procedures.

**Expected results**
• Better economic and political integration provided.

### Pillar III. Enhancing the growth potential of the rural sector

Chad adopted a National Rural Development Strategy during the Sectoral Consultation held in June 1999

Implementation of this strategy through a consistent cross-cutting multisectoral program bringing together all rural development actions in Chad resulted in the identification of a Rural Development Intervention Plan (PIDR), the purpose of which is to reduce poverty by promoting sustainable development in rural areas and improving access to basic services and economic opportunities at the local level

#### III.1 Agriculture

The priority operational intervention strategies for the sector are set out in the last two policy framework papers, i.e., the Master Plan for Agriculture (SDA) and the National Food Security Program (PNSA). These strategies involve: (i) the control of water resources; (ii) the intensification and diversification of production; (iii) food security; (iv) agricultural extension services; (v) agricultural research; (vi) rural training; (vii) support for the cotton subsector; (viii) improvement of the socioeconomic environment of the rural poor; (ix) administration of the subsector; and (x) the information system

**Program 3.1.1 Control of water resources**

**Priorities and objectives**
• Make better use of surface water by carrying out hydroagricultural projects that are less costly and easily maintained by farmers.

**Projects (measures and actions)**
• Rehabilitation and development of the irrigated land along the Chari and Logone rivers and at other appropriate sites.
• Studies on and construction of 10 water storage dams and/or man-made ponds each year.

**Expected results**
• 3,000 ha each year, including 1,000 ha totally controlled and 2,000 ha partially controlled.
• 10 water storage dams and/or man-made ponds constructed each year.

**Program 3.1.2: Intensification and diversification of production**

**Priorities and objectives**
• Improve agricultural productivity.
Projects (measures and actions)

- Promotion of intensive farming systems.
- Establishment of mechanisms for the production of high-quality selected seeds.
- Provision of better quality [equipment and supplies], particularly plows and inputs (fertilizers and seeds), to farmers.
- Purchase of 16,000 plows each year.
- Implementation of the agricultural production diversification plan.

Expected results

- Yields for major crops increased.
- Rate of equipment of farms increased by 2 percent per year.
- Agricultural production diversified.

Program 3.1.3: Food security

Priorities and objectives

- Strengthen the early warning and monitoring system.

measures and actions

- Implementation of the PNSA.

Expected results

- Buffer stock of 35,000 tons of grains available.
- Monitoring system enhanced and operational.

Program 3.1.4: Agricultural extension services

Priorities and objectives

- Provide farmers with technical advice and agricultural equipment and inputs (fertilizers, pesticides, and improved seed).

Projects (measures and actions)

- Recruitment of 800 village training officials for the ONDR.
- Equipment of 39 ONDR sectors.

Expected results

- Ratio of one training official for 10 to 15 villages.
- 20 to 25 percent of farmers trained and organized and mastering production techniques.

Program 3.1.5: Agricultural research

Priorities and objectives

- Improve the agricultural research system.

Projects (measures and actions)

- Development of adequate and appropriate lower-cost production techniques and technologies, making it possible to a maximize the quantity and quality of agricultural output.
- Evaluation of the National Medium-Term Research Program (PMTRA).
• Production of breeder, pre-foundation, and foundation seed, cover crops to improve soil fertility, improved fruit plants and cuttings and/or improved root plant tubers to protect the genetic nucleus.
• Rehabilitation of farms.

Expected results
• PMTRA evaluated.
• Average of 152,000 tons of seed (pre-foundation and foundation) improved for all varieties of grain products.

Program 3.1.6: Rural training

Priorities and objectives
• Enhance the capacity of the Directorate of Agricultural Research [and] Vocational Training to intervene through the rehabilitation and equipment of central and devolved units.
• Provide training for participants in the subsector and promote the structuring of the rural sector.

Projects (measures and actions)
• Diagnostic study of farmers organizations.
• Renovation of premises.
• Equipment of central and devolved units of the Training Directorate.
• Rehabilitation and creation of Rural Promotion and Training Centers (CFPR) in the Sahelian zone.
• Reorganization and resumption of training at the Agricultural Technicians School (ETA), with special emphasis on the training of women and restructuring of the rural sector.

Expected results
• ETA in Ba-Illi upgraded and operational.
• At least 3 CFPRs constructed and 3 others rehabilitated.

Program 3.1.7: Support for the cotton subsector

Priorities and objectives
• With the participation of growers and their organizations, continue the privatization process currently under way by expediting completion of the actions included in the roadmap.

Projects (measures and actions)
• Implementation of the roadmap for the cotton subsector.

Expected results
• Cotton production and field and ginning yields increased.
• Production cost reduced and financial position of Cotontchad improved.
• Incomes of cotton growers increased and local coordination committees (CCL) better organized and more representative.
• Cotontchad privatized on a consensual basis in the interests of growers.
Program 3.1.8: Improvement of the socioeconomic environment of the rural poor

This program brings together all of the actions financed with government counterpart funds for the completion of the various externally financed projects.

**Priorities and objectives**
- Step up the participation of rural communities in the development process by improving their access to basic services and economic opportunities at the local level.
- Support rural organizations in the sustainable management of natural resources and restore productive capital.
- Promote microcredit and improve the provision of basic services.

**Projects (measures and actions)**
- Implementation of the Local Development Program (PRODEL).
- Implementation of the Sectoral Capacity Building Program (PROSE).
- Support for the monitoring mechanism of the National Rural Development Strategy defined by the sectoral consultation on rural development held in June 1999.

**Expected results**
- Production zones opened up.
- Better communications provided.
- Access to social services improved.
- Health centers constructed.
- Education in rural areas improved.
- Soil erosion reduced.
- Clearing/deforestation activities reduced.

Program 3.1.9: Administration of the subsector

**Priorities and objectives**
- Improve design capacities (management, planning, and coordination capacities of central and devolved entities).
- Enhance the HR, infrastructure, and equipment capacity of units.
- Produce adequate and reliable statistics.

**Projects (measures and actions)**
- Support for central and devolved units (design, development, information, control, and monitoring of agricultural policies).
- Construction of the ministry headquarters.
- Construction and equipment of the headquarters of 10 regional delegations.

**Expected results**
- Subsector planning, management, and guidance capacities enhanced.

Program 3.1.10: Information system

**Priorities and objectives**
- Improve the quality of agricultural statistics.
Projects (measures and actions)
- Re-updating of the sampling frame for the reliable estimation of output.
- Revitalization of the agricultural survey network.
- Improvement of the capacity of technicians to analyze and interpret data.

Expected results
- Reliable statistical data published on a timely basis.
- Agricultural census completed.
- Monitoring systems operational.

III.2 Livestock

In the area of livestock, the chosen strategy aims essentially at increasing animal production on a sustainable basis and increasing the incomes of livestock herders and other participants in the sector. Two programs support this strategy: (i) development of livestock systems and (ii) capacity building for livestock support and professional services.

Program 3.2.1: Development of livestock systems

Priorities and objectives
- Improve the development and management of pasture resources.
- Develop growth subsectors.
- Improve animal health.
- Enhance veterinary and zootechnical research.

Projects (measures and actions)
- Construction of 90 pasture wells and 45 pumping stations.
- Development of 15 water retention ponds.
- Establishment of an early warning system to combat epizootic diseases, particularly avian flu.
- Development of growth subsectors.
- Veterinary and zootechnical research.

Expected results
- Pastureland not used owing to a lack of water sources developed.
- Imports of poultry products reduced.
- Imports of dairy products reduced.
- Key results of zootechnical research available and disseminated for better use.
- High-quality veterinary products and drugs available throughout the country and affordable.
- Rate of coverage improved.

Program 3.2.2: Capacity building for livestock support and professional services

Priorities and objectives
- Support professional organizations and services.
- Improve the capacities of entities responsible for collecting and disseminating data.
- Improve the capacities of nonstate actors.
**Projects (measures and actions)**

- Recruitment of 405 livestock technicians.
- Implementation of the training plan for 60 technical supervisors.
- Implementation of the research and extension program.
- Support for the information system.

**Expected results**

- Better data on cattle herd sizes.
- Livestock recognized as a genuine engine of growth (increased share in GDP).

### III.3 Fisheries and water resources

Four programs underlie the strategy for fisheries and water resources: (i) development of fisheries; (ii) promotion of fish farming; (iii) water resources and meteorology; and (iv) management of the subsector.

**Program 3.3.1: Development of fisheries**

The aim of the program is to implement the Fisheries Development Project by building institutional capacities, developing resources and managing them sustainably, and supporting the marketing and management of the project.

**Priorities and objectives**

- Protect and preserve water ecosystems through participatory management and oversight of resources.
- Establish partnership relationships with producer organizations.
- Train and equip supervisors.

**Projects (measures and actions)**

- Fisheries Development Project (PRODEPECHE)

**Expected results**

- 5,700 operators trained, 60 percent of whom are women.
- 200 operators associations in the subsector created or revitalized.
- 20 supervisors, 60 technicians and 50 local government officials trained.
- 4,000 subsector operators with access to microcredit.
- Fisheries and Fish Farming Directorate equipped and provided with infrastructure and motor vehicles.
- 15 integrated development plans prepared and validated.
- 100 village oversight committees established and equipped to monitor, manage, and control fisheries operations.

**Program 3.3.2: Promotion of fish farming**

**Rarities and objectives**

- Improve the output from fishing farming and algae-growing resources.

**Project (measures and actions)**

- Development of growth subsectors (spirulina).
- Inventories of fish farming and algae-growing resources.
- Development of fish farming sites and ponds.
- Capacity building for fish farmers and provision of inputs.

**Expected results**
- Inventory of fish farming resources completed.
- Fish farming and algae-growing sites developed.
- Fish farming agents trained and equipped.

Program 3.3.3: Water resources and meteorology

The program objective is to contribute to the improvement of agriculture and pasture output by improving meteorological data and information on surface waters.

**Priorities and objectives**
- Apply agricultural and meteorological data.
- Apply climatological data.
- Control and make better use of surface waters.
- Administer services.

**Projects (measures and actions)**
- Study of the water requirements of crops.
- Study and publication of agrometeorological bulletins.
- Dissemination of agrometeorological information and advice.

**Expected results**
- Daily meteorological forecasts prepared.
- Timetables for the sowing of various crops prepared.
- Stations created, maintained, and inspected.
- Lowlands inventoried.

Program 3.3.4: Management of the subsector

**Priorities and objectives**
- Build the capacities (human, physical) of the ministry in order to enhance the efficiency and effectiveness of its management and actions and thus enable it to better fulfill its mandate and achieve its objectives.
- Improve the planning, coordination, and management capacities of the central and devolved entities.

**Projects (measures and actions)**
- Building of human, physical, and institutional capacities.

**Expected results**
- Planning, coordination, and management capacities of entities enhanced.

**III.4 Environment, quality of life, and national parks**

The importance of environmental issues has been reflected in the document on the Sectoral Consultation on Rural Development (CSDR) of June 1999. Other policies concerning the management of natural resources have also been implemented, specifically: the National
The Environmental Action Plan (PNAE), the National Action Plan to Combat Desertification (PAN/LCD), the National Biodiversity Strategy (SN/DB), and the National Strategy to Reduce Greenhouse Gases.

The programs supporting these policies are: (i) capacity building and monitoring of the subsector; (ii) management of forestry resources and anti-deforestation efforts; (iii) management of wildlife and protected lands; and (iv) environmental assessments and anti-pollution efforts.

Program 3.4.1: Capacity building and monitoring of the subsector

**Priorities and objectives**
- Improve the planning, coordination, and management capacities of the central and decentralized entities.
- Provide adequate infrastructure and equipment for central and devolved levels of government.
- Monitor and assess the ministry’s actions.

**Projects (measures and actions)**
- Enhancement of national capacities to rationally and sustainably manage natural resources.
- Strengthening of the legislative, regulatory, and legal framework.
- Provision of support for subsector monitoring.
- Provision of support for the environmental information system.

**Expected results**
- Planning, coordination, and monitoring/assessment management capacities of the central and decentralized entities enhanced.
- Legislative and regulatory framework updated.

Program 3.4.2: Management of forestry resources and anti-desertification efforts

**Priorities and objectives**
- Manage forestry resources sustainably.
- Develop and implement local forest development plans.
- Develop and implement a master plan for combating sand dune formation.
- Increase awareness of environmental protection issues and disseminate sustainable techniques (management of natural resources, energy, anti-erosion techniques).

**Projects (measures and actions)**
- National inventory of forestry resources.
- Development of forests and sustainable management of village lands.
- Soil protection and restoration /soil and water conservation.
- Combating of sand dune formation in the Kanem and Lac regions.
- Increase in the production capacity of the eight (8) tree nurseries in Chad.
- Support for the development of emerging subsectors (gum arabic, sheanuts, beekeeping, spirulina).
- Promotion of alternative energy sources.

**Expected results**
- Better information on and monitoring of forestry resources.
Soil fertility improved.
Sources of energy diversified.
Local forest development plans prepared and implemented.
Production capacity of the eight nurseries increased.
Support provided to emerging subsectors.

Program 3.4.3: Management of wildlife and protected lands

**Priorities and objectives**
- Protect biodiversity, particularly through the Network of Protected Lands.
- Collect information on wildlife resources and their dynamics.
- Sustainably develop available resources.
- Create new protected lands.

**Projects (measures and actions)**
- National inventory of wildlife resources.
- Development and management of protected lands and their surroundings.
- Creation of new protected lands.

**Expected results**
- Better information on wildlife resources.
- Protected lands developed.
- New protected lands created.

Program 3.4.4. Environmental assessments and anti-pollution efforts

**Priorities and objectives**
- Integrate Environmental Impact Studies (EIS) in the various phases of the planning, implementation, and monitoring of projects/programs.
- Define EIS procedures and content, and the roles of the various participants.
- Develop and implement a National Environmental Audit and Assessment Guide.
- Develop and implement an Intervention and Prevention Plan for accidental spills of chemical products and wastes.
- Enhance the legal framework for carrying out EISs.
- Inform, educate, and enhance the awareness of participants regarding EISs.

**Projects (measures and actions)**
- Training in environmental assessments.
- Environmental information, education, and communications.
- Enhancement of the legislative, regulatory, and legal framework.
- Development and implementation of the National Environmental Audit and Assessment Guide.
- Development and implementation of the Intervention and Prevention Plan for accidental spills of chemical products and wastes.

**Expected results**
- National Environmental Audit and Assessment Guide prepared and implemented.
- National Prevention Plan and responses in the event of spills of chemical products and wastes developed and implemented.
Capacities of participants in the area of environmental assessments enhanced.

**Pillar IV Developing infrastructure as a driver of growth**

The NPRS2 places priority emphasis on the development of rural infrastructure to ensure that local products can be transported quickly to major consumption centers. It also assigns priority to rational management of the international corridors that are essential for the access of local products to global markets. Land use planning, energy, telecommunications, and safe drinking water are also important bases for economic growth and poverty reduction. The development of transport and urban growth are not only powerful engines of infrastructure improvement and expansion but also major sources of job creation and income.

**IV.1 Transport**

The priorities of the strategy are as follows:

1) Protect existing capital by substantially increasing the funds spent on road maintenance, particularly the regular maintenance of previously neglected paved roads. The resources allocated to road maintenance will amount to approximately CFAF 7.7 billion beginning in 2008 and will cover the maintenance of at least 4,000 km of roads annually.

2) Continue the paving of main highways and expand the network of paved roads from 1,021 km in 2006 to 1,546 km by 2010. This program will include the following specific actions: (i) gradually complete the paving of the N’Djaména-Abéché road, (ii) link cities in the cotton-growing area to the N’Djaména-Moundou-Cameroon main road, and (iii) begin the construction of a road to Bol and the border with Niger.

3) Rehabilitate and maintain a network of regional and local roads that connect the main agricultural regions to the national network, including the rehabilitation of 274 km of dirt roads by 2011.

4) Carry out a multiyear program to rehabilitate rural roads with an annual budget of at least CFAF 4.5 billion. The structure of the program and the choice of roads to be rehabilitated will be determined in collaboration with the Ministry of Agriculture and Cotontchad.

5) Improve the management of the international corridors that are vital to the development of Chad’s foreign trade. For this, facilitation measures will be needed to improve operating conditions on the Cameroonian corridor, through which most of the Chad’s imports and exports travel.

6) Open up the country by maintaining a level of accessibility by air for all areas lacking passable roads in the rainy season, with a minimum level of compliance with the civil aviation safety standards of the International Civil Aviation Organization (ICAO).

**Program 4.1.1: Road infrastructure**

*Priorities and objectives*

- Maintain the existing road network.
• Open up the country both internally and externally.
• Maintain an adequate network of roads that are passable in all seasons.
• Maintain minimum accessibility to all regions of the country, particularly in the rainy season.

Projects (measures and actions)
• Rehabilitation and Génis RT (service-level) maintenance of 2,775 km of rural roads, including 2,000 in the cotton-growing area.
• Regular maintenance of 770 km of improved dirt roads.
• Routine maintenance of 4,000 km of the national road network.
• Rehabilitation of 260 km of paved roads.
• Paving of 525 km of dirt roads.
• Construction of bridges (1 two-lane bridge over the Chari, a bridge over the Chari in Héli Bongo, and another over the Logone in Moundou).
• Implementation of a program to facilitate transport in the international corridors.
• Rehabilitation of 274 km of dirt roads.

Expected results
• Share of transport in import costs reduced by 20 percent.
• 20 percent reduction in the average transit time for imports carried from Douala to N’Djaména.
• 10 percent reduction in transport costs.
• 3,600 km of roads passable in all seasons by 2011.

Program 4.1.2: Improvement of road safety and development of ground transport

Priorities and objectives
• Improve and promote road safety.
• Support the development of modes of ground transport and their operation.

Projects (measures and actions)
• Support for the development of social partners.
• Enforcement of road traffic regulations.
• Studies of the river and lake transport system and of international transport.
• Construction of bus stations, 2 in N’Djaména, 1 in Abéché, and 1 in Moundou.
• Support for the promotion of intermediate means of transport (IMT).

Expected results
• Fewer traffic accidents.

Program 4.1.3: Administration and management of the sector:

Priorities and objectives
• Strengthen the institutional, technical, and human capacities of the sector by retraining and training a sufficient number of managers, engineers, and other technical personnel involved in basic infrastructure planning and management.
• Provide technical directorates and regional infrastructure offices with the facilities needed for their operations.
Projects (measures and actions)

- Institutional support for the sector’s planning and management units.
- Establishment of a permanent training and capacity building mechanism.

Expected results

- Capacities for managing the sector strengthened.

Program 4.1.4: Airports

Priorities and objectives

- Open up the country by maintaining a minimum level of accessibility by air for all regions of the country lacking a permanent road connection, particularly in the rainy season, with a minimum level of compliance with the civil aviation safety standards of the International Civil Aviation Organization (ICAO)

Projects (measures and actions)

- Upgrading of the N’Djaména, Abéché, Sarh, Moundou, and Faya airports.
- Maintenance of secondary airports.
- Support for the Civil Aviation Authority.

Expected results

- The country’s main airports are made safe, increasing traffic and opening up the country.

IV.2 Land use, urban development, and housing

The objective of land use planning is to optimize the use of land for balanced economic and social development. The sector’s first priority is to train human resources and restore the regulatory framework that is essential for the implementation of land use and urban development programs. The second priority is to plan land use with an emphasis on better land management, the supply of water and sanitation services, the rebuilding of “old quarters,” and the establishment of commercial facilities. The third priority is to improve housing quality by implementing the National Housing Strategy (SNL).

Program 4.2.1: Administration and management of the sector:

Priorities and objectives

- Establish the legal and regulatory framework of the land use, urban development, and housing sector.
- Strengthen the ministry’s management capacities.
- Improve program execution capacities.

Projects (measures and actions)

- Strengthening of the capacities of the ministry and other institutions involved in the sector.
- Preparation and management of personnel training and career plans.

Expected results

- Legislative documents and institutional framework prepared and approved.
- Effective activity programs and annual budgets prepared.
- Three fields of training identified and personnel trained.
Program 4.2.2: Urban development and land use:

**Priorities and objectives**
- Define a national land use policy.
- Prepare the National Land Use Plan (SNAT).
- Prepare or support the preparation of regional and communal development plans/schemes.
- Promote investment in cities with the greatest economic potential.
- Promote urban jobs.
- Increase the financial resources of municipalities and improve their management systems.

**Projects (measures and actions)**
- Preparation of land use and spatial management tools.
- Execution of priority projects in the urban sector (primarily in N’Djaména, Sarh, Abéché, Doba, and Moundou).
- Strengthen municipal management capacities.

**Expected results**
- One (1) National Land Use Plan prepared and adopted.
- Two (2) Regional Land Use Master Plans prepared and adopted.
- Land Use and Urban Development Master Plans for 4 major cities and 10 secondary towns prepared and adopted.

Program 4.2.3: Improvement of housing quality

**Priorities and objectives**
- Improve living conditions in disadvantaged districts.
- Qualitatively and quantitatively improve national real estate holdings.
- Mobilize and judiciously allocate resources to low-income housing projects.
- Create an action framework based on a facilitation approach.
- Coordinate the actions of government agencies, formal and informal private stakeholders, associations, etc..
- Permanently align macroeconomic policies with housing sector options.

**Projects (measures and actions)**
- Implementation and revision of National Housing Strategy (SNL) programs.

**Expected results**
- 80 percent of feasibility studies and documents prepared.
- 7,000 parcels of land connected to a sanitation system.
- 3,000 traditional residential parcels upgraded with basic infrastructure and equipment.
- 5,000 new residences built and 3,000 old dwellings renovated.

**IV.3 Water and sanitation**

Access to water in cities and in the rural sector is an essential component of any poverty reduction strategy.
To ensure more effective development and better sanitary conditions for the population, the strategy calls for improving the supply of safe drinking water to the residents of villages and semi-urban areas through the construction of water supply systems, as well as strengthening capacities for the monitoring and effective management of supply systems. In the field of sanitation, the strategy calls for the installation of urban and peri-urban sanitation systems in the country’s largest cities. The major problem of equipment maintenance necessitates the implementation of an extensive social mobilization program in the beneficiary communities, taking full advantage of the operational capacities of the Chadian Red Cross.⁹

Program 4.3.1: Supply of safe drinking water and sanitation:

**Priorities and objectives**
- Supply safe drinking water to villages and urban and semi-urban centers;
- Cover livestock watering needs.
- Work to gain a better understanding of water resources.
- Promote health education by building latrines.
- Maintain water systems.
- Strengthen human, organizational, and regulatory capacities.

**Projects (measures and actions)**
- Stock watering resources in Eastern Chad (Almy Bahaim 03).
- Stock watering resources in Central Chad (Almy Al Afia).
- Access to safe drinking water and support for the sectoral policy (European Development Fund, EDF).
- National Program to Supply Safe Drinking Water and Sanitation in Rural Areas (PNEAR).
- Village water resources in Salamat and Lac Iro (120 manual pumps).
- Village water resources in West Mayo Kebbi.
- Management and rehabilitation of safe drinking water service in secondary centers.
- Village water resources in Ouaddaï and Biltine (100 manual pumps).
- Regional solar program, phase II (PRS 2).

**Expected results**
- Piezometric network monitored and strengthened.
- 200 pasture wells and 3,000 boreholes drilled.
- Sectoral database available.
- 80 semi-urban centers equipped.
- 3,500 latrines built and 40 urban systems rehabilitated.
- Rate of access to safe drinking water reaches 48 percent by 2011.

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⁹ Established on January 25, 1973, the Chadian Red Cross has a large network of 39,000 volunteers (of whom 25,000 are trained first-aid workers and 31 percent are women) with an effective logistical system, making it the government’s preferred partner in disaster assistance and in raising awareness for the social mobilization of communities.
IV.4 Mines and Energy

As a key factor of economic and social development, the mining and energy sector is given special attention by the government.

Development of the energy sector

The strategy is aimed at strengthening capacities for the production of electricity and expanding the existing infrastructure in N’Djaména and in secondary centers or towns. The first priority is the production of electricity. The second priority is to expand the use of gas throughout the country to halt deforestation, which is contributing to desertification. This policy will be enhanced by encouraging the use of renewable energy sources and replacement sources such as kerosene. Finally, the promotion of atomic energy with IAEA support will facilitate the training of officials as well as technology transfers beneficial to all sectors.

Program 4.4.1: Energy production

Priorities and objectives
- Make electricity affordable for a majority of the population.
- Promote the growth of small and medium-sized enterprises as well as industrial enterprises.
- Boost economic output and improve social conditions.

Projects (measures and actions)
- Installation of new MBH or other generator sets.
- Rural electrification project within the CAEMC framework.
- Finalization and implementation of the energy master plan.
- Rehabilitation/expansion of the distribution infrastructure in outlying areas.
- Cameroon-Chad Electrical Connection Project.

Expected results
- Cost per kWh reduced and number of subscribers increased.
- At least 50 percent of demand satisfied in N’Djaména.

Program 4.4.2: Fuels

Priorities and objectives
- Lower STEE’s fuel costs.

Projects (measures and actions)
- Development of the Sédigui oilfield.
- Construction of the Djemaya mini-refinery.
- Processing of Doba crude (topping plant).

Expected results
- Cost of fuel reduced, boosting STEE’s profitability.

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This action requires an effort to raise public awareness, which the government may be able to provide through the involvement of NGOs and associations working in the environmental area.
Program 4.4.3: Promotion of renewable and replacement energy sources

**Priorities and objectives**
- Improve living conditions in rural and peri-urban areas.
- Preserve the nation’s wood fuel resources.
- Combat desertification.

**Projects (measures and actions)**
- Update of ERPD (Decentralized Rural and Peri-Urban Electrification) feasibility studies.
- Preparation of a rural electrification program.
- Expansion of the National Gas Program to the entire country.
- Studies on the use of kerosene as a replacement energy source.
- Studies on the recovery and use of flare gas by the Doba Oil Consortium.
- Studies to promote renewable energy sources.

**Expected results**
- The National Gas Program covers three-fourths of the country.
- The cost of government consumption is reduced by 30 percent.
- Renewable energy sources identified.

Program 4.4.4: Atomic energy.

**Priorities and objectives**
- Put in place an appropriate regulatory infrastructure to ensure radiological safety.

**Projects (measures and actions)**
- Drafting of laws and regulations.
- Preparation and implementation of the IAEA support program for capacity building in the field of atomic energy.

**Expected results**
- 80 percent of atomic energy laws and regulations are adopted.
- Skills and technologies transferred.

Development of the mining sector.

In the medium term, the aims of the strategy are to: (i) promote optimal development of the mining sector with a view to achieving sustained economic growth and, consequently, an increase in real per capita income with a view to reducing poverty; (ii) introduce new artisanal gold extraction techniques to improve the recovery of gold and assist in the training of local artisanal operators; (iii) modernize the working of natron deposits (Kanem and BET) by setting up semi-industrial processing systems; and (iv) prepare a master plan for mining and geology to improve the management of the sector.

The first mining sector priority is to set up a Mining Fund to cover the costs of: (a) refurbishing the laboratory in order to meet the needs of operators; (b) updating geological maps, which are essential to the promotion of foreign investment; (c) improving the mining code; and (d) expanding research projects, which have the potential to create at least 500 jobs for young people during the period covered by the strategy.
Program 4.4.5: Improvement of the legal framework

**Priorities and objectives**
- Step up promising research projects and thus set the stage for the emergence of a modern mining industry operating within a renewed institutional and legal framework.

**Projects (measures and actions)**
- Update of the legal and regulatory framework.

**Expected results**
- Existing documents revised and improved.
- Appropriate legislation in place.

Program 4.4.6.: Geological research

**Priorities and objectives**
- Draw up 1/500,000 scale mineral prospecting maps and 1/50,000, 1/5,000 and 1/500 scale geological maps.
- Replenish documentary resources and put in place a document management system.
- Verify mineralization indices.

**Projects (measures and actions)**
- Drawing up of mineral prospecting maps.
- Replenishment of documentary resources and establishment of a document management system.
- Drawing up of geological maps.

**Expected results**
- Results disseminated and promoted within the profession.
- Maps available.

Program 4.4.7: Promotion of the mining sector

**Priorities and objectives**
- Introduce new artisanal gold extraction techniques.
- Modernize the working of natron deposits.
- Set up a purchasing office.
- Strengthen the capacities of operators to improve their output.

**Projects (measures and actions)**
- Pilot Natron Operation.
- Experimental artisanal gold extraction project in Gamboké (Pala).
- Construction of a cement plant in Baoaré (Pala).

**Expected results**
- Mining revenues improved and secured.
- Statistics on quantities of natron and gold up to date.
- Purchasing power of local communities increased.
- Output of mining operators improved.
Program 4.4.8: Management of the sector

**Priorities and objectives**
- Strengthen capacities with regard to infrastructure and the equipment of central and devolved levels of government.
- Strengthen the human resources management capacities of the ministry.

**Projects (measures and actions)**
- Support for the strengthening of project planning and piloting capacities.
- Strengthening of the hydrocarbons supply control system.
- Automated customer service project.

**Expected results**
- Institutional capacities strengthened.
- More credible management of STEE, with improved operating results.

**IV.5 Post office and telecommunications, NICT**

Aware of the role of telecommunications and postal services in economic and social development, the government in 1997 published a Policy Statement, the main thrust of which is to satisfy growing user demand and provide broad access at a lower cost.

The general objective of the management program for the sector is to plan, coordinate, and monitor implementation of the government’s policy on the development of postal services and telecommunications in urban and rural areas, disseminate information technologies, and strengthen the sector’s human resources and facilities with a view to enhancing the efficiency and effectiveness of its management and its actions.

Accordingly, the sector’s first priority is to complete the subregional fiber optic project, which constitutes the basic infrastructure for the development of ICTs in Chad. E-governance, a pilot project involving the Office of the President of the Republic, the Office of the Prime Minister, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Infrastructure, and the Ministry of the Post Office and New Communications Technologies, is the second priority. The third priority is to promote universal service through the construction of community access centers (Internet, office automation, media, telephony).

Program 4.5.1: Fiber optic network

One of the sector’s priorities is the integration of Chad into the international synthetic fiber communications network currently spreading across the continent. A subregional project linking Chad, Cameroon, and the CAR is being prepared. Concurrently, the government is installing a national fiber optic backbone network, which has already been extended to the Doba oil site. These projects will give Chad a comparative advantage in the management of voice communications, electronic data transfers, and Internet access.

Other measures are aimed at improving the sector’s performance, particularly through modernization of the legal framework, promotion of the government intranet, and implementation of a rural service strategy (multipurpose community telecenters).

**Priorities and objectives**
• Improve Internet access.
• Reduce the costs of telecommunications.
• Make telecommunications available in all rural and peri-urban areas.

**Projects (measures and actions)**
• Installation of the fiber optic network between Doba and N’Djaména.
• Integration of Chad into the international synthetic fiber communications network.

**Expected results**
• Internet access improved.
• Cost of communications reduced.

Program 4.5.2: Electronic governance

**Priorities and objectives**
✓ Make government more effective and more efficient by providing the technical and human resources necessary to remedy: (i) the shortage of equipment in public institutions; (ii) the lack of internal and external connectivity, by setting up a network for the various departments, interlinking the ministries, and providing Internet access; (iii) the dispersion, insufficiency, and even the nonexistence of ICT applications, by consolidating databases, computerizing certain procedures, and establishing an Internet portal; (iv) the lack of capacities, by training government employees (skills development) and appointing qualified ITC personnel (basic training).

**Projects (measures and actions)**
• Gradual reduction of the digital divide between urban, peri-urban, and rural areas and expansion of the availability of telecommunications and ICT services.

**Expected results**
• Availability of NICT services which are affordable, technically appropriate, and easily accessible at all levels and in all areas.

Program 4.5.3: Development of ICT

**Priorities and objectives**
• Facilitate Chad’s gradual inclusion in the process of globalization and the information era.
• Incorporate the ICT dimension in strategic choices in the areas of poverty reduction and economic and social development.
• Make the most of Chad’s advantages in the context of globalization and national development by improving and promoting national products (agricultural, forestry, livestock, etc.).

**Projects (measures and actions)**
• Implementation of the national strategy for the development of telecommunications and new information and communications technologies.

**Expected results**
• Community telecenters created and operational.
• NICT integrated in education and training programs.

Program 4.5.4: Capacity building

**Priorities and objectives**
- Strengthen management structures and infrastructure.
- Revitalize the sector’s activities.
- Strengthen negotiating power.

**Projects (measures and actions)**
- Restructuring of SOTEL.
- Launch of MobilSotel.

**Expected results**
- Regulatory capacity of the Ministry of the Post Office and Telecommunications strengthened.

Postal services
The first priority in the postal sector is to establish a legal and regulatory framework suited to the general CAEMC framework. The second priority is to revitalize postal services by improving postal checking services and by establishing postal savings and money transfer services. Strengthening rural service capacities by reestablishing the network of post offices is the third priority. Finally, it is important that the process of privatizing the STPE be completed.

Program 4.5.5: Reduction of postal density and improvement of the quality of the postal service

**Priorities and objectives**
- Launch a process to diversify postal services and modernize the postal information and management system.

**Projects (measures and actions)**
- Establishment of a new legal and regulatory framework.
- Strengthening of the express mail and courier services (EMS).
- Introduction of ICT-based services.
- Reopening of the Postal Checking and Savings Center.
- Introduction and expansion of electronic money transfer systems.
- Modernization and popularization of money orders.

**Expected results**
- Postal service improved in all administrative regions and departments
- Reasonable lengths of time for the routing and distribution of mail (D+4)
- Density rate reduced from 220,000 inhabitants to no more than 155,000 per post office.

**Pillar V: Developing human resources**

Human resources constitute the main pillar of the development process in Chad, owing to (i) the minimal level of education of the labor force, 80 percent of which is employed in the agricultural, forestry, and livestock sector, where productivity is low, and (ii) the deficiency of
basic social infrastructure. The strategy tackles the following challenges: (a) provide all Chadian children with a high-quality primary education by 2015; (b) eliminate the disparities in access to education between girls and boys by 2010; (c) provide high-quality public health care services to reduce the maternal and infant mortality rates; and (d) put in place social safety nets, which are essential to improve the living conditions of homeless children, the disabled, women, the elderly, and other socially marginalized groups.

V.1 Education, training, and literacy

The primary objective of the education policy is to promote human resources with a view to enabling the people to play their role of catalysts in the process of socioeconomic development launched by the government in 2000. There are two basic reasons that make education the main pillar of this process: (i) the low productivity of the economy, resulting from the very limited training of human capital, and (ii) the impact of investment in education on the other indicators of other sectors (health, fertility, environment, etc.).

Consequently, in the medium and long terms, education is the top priority of the National Poverty Reduction and Growth Strategy.

Program 5.1.1: Basic education

To ensure that children from 6 to 15 years of age receive a complete education, the Framework Law of the Chadian Education System makes basic education mandatory. Basic education includes the primary level (CP1-CM2) and the first secondary cycle (6th – 3rd). The NPRS2, which is based on the principle of Education for All (EFA) and the MDGs, is fully consistent with that institutional requirement, reflecting the new education policy thrusts and making basic education the top priority of the education sector.

Program 5.1.1.1: Primary education

The government’s policy on basic education is primary education for all. It consists of ensuring that by 2015, all Chadian children, especially girls, nomadic children, and children in difficulty, are given access to mandatory, cost-free, high quality primary education and are able to complete it. To attain this objective, the first priority will be the training of (unqualified) community teachers, who make up 68 percent of the teaching corps, followed by teaching materials and resources, pedagogical supervision and monitoring, and, finally, the replacement of community classrooms. Special emphasis will be given to streamlining the process of using these resources to attain the established strategic objectives efficiently, by focusing on the selected priority intervention areas (ZIP).

11 Results of the RESEN study, July 2005, World Bank.
12 These are communities in which the rates of primary school access and completion are the lowest.
Priorities and objectives

- Increase access and equity at all levels of education to raise the primary level completion rate from 35 percent in 2005 to 59 percent by 2011 and achieve a girl/boy ratio of 0.87 compared to 0.68 in 2005.

Projects (measures and actions)

- Grants to APEs\(^{13} \) to compensate 15,000 community teachers.
- Training of 10,000 community teachers.
- Basic training of 12,000 baccalaureat-level teachers.
- Recruitment of 11,200 civil service teachers.
- Acquisition of 4.246 million textbooks.
- Training of 900 management and supervision personnel.
- Acquisition of vehicles for pedagogical supervision.
- Construction of 4,800 classrooms, including 140 for nomadic and isolated schools.
- ENI (teacher training schools) rebuilding project.

Expected results

- The framework, strategies, and practical arrangements for a high-quality primary education delivered equitably to all Chadian children by 2015 are in place by 2009-2010.
- Community schools are fully integrated into the system, thanks to the implementation of management measures and provisions.
- Capacities exist for the development of programs and textbooks: (a) bilingual teaching programs are developed for the first two years of primary education (CP1 and CP2), respectively; (b) textbooks are available for all classes, consisting of one reading textbook and one mathematics textbook for each student, with one scientific textbook available for every two students in the third- through sixth-year classes; and (c) the new primary-level bilingual teaching program has been tested and publicized, and is ready to be implemented.

Program 5.1.1.2: First cycle of secondary education

The objective is to strengthen intake capacities owing to the high rate of sixth-year promotions, which are difficult to contain, and to improve learning conditions by reducing the teacher and textbook coverage ratios.

Priorities and objectives

- Expand secondary school intake capacities with a view to achieving a gross enrollment ratio in the first cycle of 42 percent (compared to 30 percent in 2005) and a girl/boy ratio of 0.61, versus 0.3 in 2005.
- Reduce the level of dropouts to 9 percent in the first cycle, in contrast to 17 percent in 2005.
- Strengthen pedagogical monitoring capacities.

\(^{13} \) The Parents Associations (APE), which are grouped into federations, recruit teachers (often poorly qualified) to operate what are known as “community” schools, which are often built of secco (plant) or other nondurable materials. The priority of the strategy is to reduce the burden of the school on poor rural communities, which often cover three-fourths of the operating costs of primary schools.
Projects (measures and actions)

- Construction of 35 collèges.
- Training of 400 pedagogical advisors and 80 secondary inspectors.
- Recruitment of 2,000 CEG (collège d’enseignement général) teachers.
- Basic training and continuing education of 3,000 CEG teachers

Expected results

- The basic foundation of human resources necessary for growth is in place.
- The gross enrollment ratio in the first cycle reaches 42 percent compared to 30 percent in 2005.
- The girl/boy ratio reaches 73 percent, up from 32 percent in 2005.

Program 5.1.2: Adult literacy

The government’s literacy policy is based on strengthening the capacities of economic agents and involving communities through the “outsourcing” strategy.

Priorities and objectives

- Raise the educational level of rural populations.

Projects (measures and actions)

- Construction of 400 literacy centers.
- Recruitment of 3,400 instruction and supervisory personnel.
- Project to combat illiteracy in Chad.
- Production and distribution of 105,000 books and 100,000 instruction guides.

Expected results

- 200,000 adults (60 percent women) taught to read and write.

Program 5.1.3: Technical secondary education and vocational training

Identified as the second education policy priority in the conclusions of the January 2000 sectoral meeting on education and training, this program is the linchpin of the poverty reduction and economic recovery process. The large number of students seeking entry to secondary school and the imbalances observed between supply and demand necessitate a drastic reduction in the secondary school admission rate to 50 percent by 2010. At least 200,000 students leaving school should receive a minimum set of essential skills to enable them to enter the work force.

Priorities and objectives

- Increase the intake capacities of ETFP institutions to accept at least 4,300 young people exiting the basic level.
- Rationalize the ETFP supply and align it with the job market.

Projects (measures and actions)

- Construction of 42 centers providing apprenticeship vocational training, particularly in disadvantaged areas.
- Construction of 4 technical lycées offering technological courses.
- Construction of 5 vocational training centers.
- Establishment of an ETFP information and guidance system.
Conversion of the CETIN (Collège d'Enseignement Technique Industriel) of Sarh into an industrial technical lycée.

Strengthening of the OBSEFE (Observatory for Education and Training Linked to Employment).

**Expected results**

- At least 100,000 young people leaving basic education have been prepared for their entry into the labor force.
- ETPF is aligned with the needs of the job market.

**Program 5.1.4: Higher education and vocational training**

The overall aim of the higher education and research development strategy is to overhaul higher education by increasing ownership of the criteria of excellence and quality, relying both on current traditional and virtual (non face-to-face) methods.

**Priorities and objectives**

- Increase the intake capacities of universities.
- Strengthen the qualifications of teachers through registration in a list of qualified teachers.
- Enhance the professionalism of the higher education subsectors.
- Create an institutional environment that allows the sciences and technology to thrive.
- Revitalize vocational training.

**Projects (measures and actions)**

- Construction of a university campus with a capacity of 50,000 students.
- Construction and equipment of an Institute of Architectural Arts and Professions in Biltine.
- Construction and equipment of a Petroleum Institute in Mao.
- Construction of five (5) research laboratories, including one (1) working in Arabic.
- Capacity building in six (6) institutions of higher education.
- Provision of additional scientific equipment for the University of N’Djaména.
- Networking of vocational training.
- Creation of a National Fund to Support Scientific and Technical Research.
- Implementation of the Bachelor’s-Master’s-Doctorate system.
- Reorganization of the university scholarship system to enhance its equity.

**Expected results**

- At least 50,000 secondary school graduates have access to an improved learning environment.
- Higher education graduates’ rate of entry into the labor force increased from 10 percent in 2003 to 30 percent by 2011.
- Highly qualified teachers provide a professional-level education.
- Existing training institutions are strengthened, particularly in the scientific fields.
- The environment for scientific research is improved.
- The vocational training framework is better organized and better suited to the job market.
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Program 5.1.5: Planning and management

The government’s education policy in the field of administration is to improve the management/orientation of the system and the partnership, which entails more effective and more efficient management of the resources made available to the departments. The government’s determination to exert its power through extensive decentralization will contribute positively to that objective.

**Priorities and objectives**

- Strengthen the statistical information system and the school districting map.
- Strengthen the capacities of the personnel of the DAAFM (Logistical, Financial and Administrative Affairs Directorate) and the DRH (Directorate of Human Resources) in the techniques of managing education resources.
- Modernize administrative and guidance units.
- Increase community participation in the management of schools.

**Projects (measures and actions)**

- Initial training and continuing education for 1,080 planning personnel.
- Training of 2,000 COGES/APE personnel.
- Training of 480 education managers.
- Regular public expenditure reviews and preparation of an MTEF.
- Establishment of a system for tracking expenditure by purpose.
- Reorganization of the MEN personnel file.

**Expected results**

- A reliable and credible information system is in place.
- The rate of teacher absenteeism has been halved as a result of the supervision of staff and improved monitoring of appointments.
- PER, PAP, and MTEF reports are available every year.
- Resource absorption capacities strengthened.
- The rate of arrival of school supplies and services at their destination is at least 50 percent.
- FENAPET (National Federation of Parents Associations of Chad) is recognized as a key partner in the management of the system, with a larger contribution of resources each year for the guidance of the system.

V.2 Health

Public health remains a troubling issue, considering the morbidity rate of 22.4 percent according to ECOSIT2, with no significant difference between women and men. Many Chadians have no access to basic health care (36 percent), either because of difficulties related to physical distance (18 percent), the cost of health services (49.5 percent), insufficient medical technical

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14 Rate of health care coverage, 2005, source: DSIS/Ministry of Health.
15 ECOSIT2, base 2003
16 ECOSIT2: nearly half of all Chadians do not seek medical attention because of lack of money (combined effect of the lack of money and the impact of high transportation costs).
support services,\textsuperscript{17} or the lack of qualified personnel\textsuperscript{18} and/or drugs and vaccines. This situation has major repercussions on the country’s social and health indicators. In Chad, 1 child in 5 dies before his or her fifth birthday; at least 500 women die each year in childbirth,\textsuperscript{19} and the incidence of diseases with epidemic outbreaks, such as cholera and meningitis, repeatedly catches the health system unaware.

The overall objective in this sector is to provide the population with access to high-quality basic health services to accelerate the reduction of mortality and morbidity and thus contribute to attainment of the MDGs by 2015. Priority attention is given to the most vulnerable population groups. Accordingly, the Chadian Red Cross, the sector’s preferred partner, is an important catalyst for implementation, owing to its considerable mobilization and awareness-raising capacities.\textsuperscript{20}

The sector’s first priority is to rationalize the use of human resources and to augment them, both quantitatively and qualitatively. The second priority is assigned to the effective functioning of health districts and health centers. The availability of vaccines in all basic health facilities and access to generic drugs are the third priority of the National Health Policy. The government has adopted emergency programs aimed at reducing the rate of maternal mortality and providing free emergency services and antiretroviral treatments. Special emphasis will be placed on combating communicable and noncommunicable diseases, particularly malaria, tuberculosis, HIV/AIDS, high blood pressure, diabetes, and other illnesses.

Program 5.2.1: Human resources and training

The accessibility, availability, and quality of health care are closely linked to the availability, quality, and motivation of health care workers. Unfortunately, the health sector suffers from a double handicap: a shortage of human resources that is both quantitative and qualitative in nature, and the poor geographic distribution of available personnel. More than half the country’s health care workers are concentrated in the large cities, particularly N’Djaména, the capital. Moreover, the training capacities of the educational institutions (20 doctors, 40 nurses, 20 midwives, and 180 health technicians graduated each year) prevent the country from responding to the serious staffing shortages in the health care system. Consequently, the National Health Policy is based on two priority areas of action: (i) strengthening policies and strategies for human resources management in the health field, with special emphasis on strategies to motivate personnel at all levels, and (ii) enhancing the skills of health sector human resources (initial training and continuing education).

Priorities and objectives

- Improve the management of human resources.
- Staff health facilities with qualified personnel in accordance with the applicable standards.

\textsuperscript{17} In 2005, approximately 300 of the country’s 911 health centers were not in operation.
\textsuperscript{18} In 2005, there was 1 doctor per 27,680 inhabitants, 1 nurse per 6,453 inhabitants, and 1 midwife per 9,074 women of childbearing age (Source DSIS, 2005/P NS II).
\textsuperscript{19} The infant mortality rate is 1,099 per 100,000 live births according to EDST2.
\textsuperscript{20} With its 39,000 volunteers (30 percent of whom are women), the Chadian Red Cross (CRT) has played a decisive role in all key initiatives: vaccination campaigns (polio, meningitis, tetanus, etc.); HIV/AIDS prevention; combating epidemics (cholera, measles, meningitis, etc.).
• Strengthen the capacities of the national education institutions.
• Provide degree training and continuing education for individual staff.

Projects (measures and actions)
• Formulation of strategies to redress the quantitative and qualitative imbalances between central and outlying services (contractualization/regionalization of training centers) through the creation of two new regional schools and the enlargement of four regional training schools (EFR).
• Implementation of the “2001-2030 Strategic Plan for the Development of Human Resources in the Health Sector.”
• Promotion of personnel, in recognition of motivation and effectiveness.
• Establishment of a personnel database.
• Provision of tools essential for planning training.
• Strengthening of training capacities by making the Biltine Health Education Institute (ECOSAB) and the four FIDs fully operational.
• Provision of training abroad, with the uninterrupted payment of scholarships and research grants.

Expected results
• Qualified personnel available in greater numbers in district hospitals and health centers (at least 65 percent).
• Rate of concentration of personnel in large cities less than 30 percent.
• Personnel management tools (database, planning system, training plan, etc.) available.
• National training capacities strengthened, doubling the number of qualified graduates.
• Training plans updated, available, and executed.
• Opportunities for training abroad improved for all students.
• Health research program available and broadly disseminated.

Program 5.2.2: Operational capacity of health districts

Despite efforts to enable health districts and jurisdictions to provide high-quality health care, deficiencies persist, including: (i) poor professional qualifications of personnel; (ii) inadequate implementation of the Minimum Package of Services (PMA) and the Complementary Package of Services (PCA), particularly in the fields of maternal and infant health care; (iii) poor quality of services; and (iv) organizational weaknesses.

The program covers 18 regional health offices and 65 health districts, of which 56 are operational, with 722 of 911 health centers in operation. Under the NPRS2, differential and complementary targeted actions will be taken in 25 priority health districts to improve the access of the most disadvantaged groups. In this program, priority is also given to existing health centers that are shut down, with a view to placing them back in operation.

Priorities and objectives
• Monitor the performance of district administrative departments to facilitate accessibility.
• Streamline the management of district hospitals.
• Increase community participation.

Projects (measures and actions)
• Construction/rehabilitation of 98 health centers and 18 district hospitals.
- Increased decentralization of the provision of services.
- Free emergency care.
- Increased contractualization in 10 pilot health districts.
- Training of management committees (COSAN/COGES) to enhance accountability.
- Compliance with standards governing the management of hospitals and health services.

**Expected results**

- 80 percent of the 49 unified health districts are operational.
- First-tier health coverage expanded to 80 percent.
- Standards governing the management of district hospitals improved.
- Cost recovery system well in hand.

Program 5.2.3: Drugs and vaccines

Implementation of the National Drug Policy adopted in 1998 led to significant progress in improving the affordability and geographic accessibility of essential drugs. This policy advocates the separation of administrative tasks from the supply and distribution functions.

Increasing the availability and rational use of reliable, effective, high-quality drugs that are also affordable for the public is crucial to the quality of the health system’s response to needs identified in the epidemiological profile. However, the consolidation and perpetuation of still fragile gains are necessary, and a major effort must still be made to provide the population with affordable, high-quality drugs.

**Priorities and objectives**

- Guarantee the quality of drugs in Chad.
- Make generic drugs available and affordable.
- Improve access to vaccines.

**Projects (measures and actions)**

- Make 18 regional supply pharmacies operational.
- Provide the Expanded Programme of Immunizations (EPI) with required resources (vaccines and syringes, cold chains, equipment, and logistics).
- Free antiretroviral treatments.
- Enforcement of Law 24.
- Stabilization of the Central Drug Procurement Agency (CPA) by guaranteeing the security of its payments.

**Expected results**

- Better quality drugs chosen.
- Availability of drugs ensured throughout the country at prices that are affordable for the majority of the population.
- Generic drugs (EGD) rationally prescribed.
- Vaccination coverage per antigen increased by at least 85 percent.
- Polio eradicated; neonatal tetanus reduced; measles under control.
Program 5.2.4: Combating diseases

One of the priority thrusts of the country’s health policy is to provide integrated delivery of primary health care and hospital care to improve the quality of the response to communicable and noncommunicable diseases, particularly malaria, tuberculosis, HIV/AIDS, high blood pressure, diabetes, and other illnesses.

Priorities and objectives

- Reduce malaria-related mortality.
- Provide care for noncommunicable diseases (high blood pressure, diabetes, cardiovascular disease, traumas, etc.).
- Slow the transmission of HIV/AIDS and reverse the trend by 2010.
- Improve care for tuberculosis patients.
- Reduce morbidity and mortality related to endemic and epidemic diseases.
- Reduce neonatal maternal morbidity and mortality.
- Improve the performance of the National Prosthetics and Functional Rehabilitation Center (CNAR).
- Provide care for the mentally ill.
- Intervention capacities of program units strengthened.

Projects (measures and actions)

- Implementation of the “insecticide-treated mosquito nets” program.
- Implementation and use of ACT (artemisinin-based combination therapies) and sulfadoxine-pyrimethamine chemoprophylaxis in all hospitals and districts and in all health centers.
- Prevention of malaria based on Intermittent Presumptive Treatment for at least 80 percent of pregnant women.
- Development of relais communautaires (community health workers) for IMCI (Integrated Management of Childhood Illness).
- Integration of the Prevention of Mother-to-Child Transmission of HIV/AIDS.
- Strengthening of public information campaigns to change HIV sexual risk behavior.
- Strengthening of free clinics in district hospitals and distribution of ARVs free of charge.
- Strengthening of ongoing Reproductive Health (RH) Programs (raising awareness of contraceptive methods, antenatal consultations, emergency obstetric care (EOC) and treatment of fistula, training, equipment, etc.).
- Construction and equipment of the CNAR.
- Construction and equipment of the psychiatric hospital.
- Equipment for program units.
- Strengthening of the partnership with the Chadian Red Cross.

Expected results

- Community IMCI practiced in a least one jurisdiction per district, and infant-child mortality rate down 10 points every year.
- Maternal mortality rate down from 1,099 to 500 per 100,000 live births.
- Rates of prevalence of HIV/AIDS, malaria, and tuberculosis reduced.
- CNAR and psychiatric hospital operational.
- Intervention capacities of program units strengthened.
Program 5.2.5: Autonomy of hospitals

The future development of the health system hinges on the autonomy of the largest district hospitals. At present, Chad has 5 large autonomous hospitals: Hôpital Général de Référence Nationale (HGRN), Hôpital de la Liberté, and the regional hospitals of Moundou, Abéché, and Sarh. Only the HGRN, which receives an annual grant from the government, is actually autonomous. The others depend on decentralized appropriations.

Ensuring the autonomy of the four other hospitals, monitoring them, and providing them with sufficient operating resources is therefore the basic priority of this program.

Priorities and objectives
- Make Hôpital de la Liberté and the hospitals of Moundou, Abéché, and Sarh truly autonomous.
- Rationalize and organize the management of autonomous hospitals.
- Increase the supply of reference health care services.

Projects (measures and actions)
- Signing and implementation of legislation governing hospital autonomy.
- Upgrading of the 5 autonomous hospitals to comply with standards (personnel, infrastructure, equipment).

Expected results
- Hôpital de Liberté and the hospitals of Moundou, Abéché, and Sarh are autonomous and receive grants.
- Medical technical support services of hospitals improved and new services proposed.

Program 5.2.6: Administration and management

The Ministry of Health views the strengthening of sectoral capacities for coordination and implementation of the National Health Policy and the related programs as a top priority. The operational deficiencies of the central and outlying units must be corrected to enable them to function as catalysts in the development of the health system.

Priorities and objectives
- Improve capacities for planning, coordination, and the management of central and devolved units.
- Strengthen the operational capacities of units.
- Ensure the reliability and credibility of the information system (statistical, financial).

Projects (measures and actions)
- Preparation and implementation of a capacity building plan.
- Construction of a new building to house the Ministry of Health.
- Preparation of manuals on planning procedures and resource management (directives, tools).

Expected results
- Capacities for managing and orienting the system are strengthened.
- Management tools such as the MTEF and PAP budgets are currently in use in the sector.
- Monitoring instruments such as the PER and the SSDD are providing useful information for budget programming.
• Statistical data are produced on a timely basis, are reliable, and are used in the program planning, monitoring, and control system.

V.3 Social welfare, promotion of women, and gender equality

Chad has experienced difficult socioeconomic conditions over the years, owing to drought, famine, continuing political instability since independence, and many other misfortunes that have negatively affected various segments of the population. These factors have inhibited the harmonious development of individuals and kept them from thriving. Combined with recurring political and military crises, accelerated urbanization, and the disintegration of social and family values, poverty in Chad has led to the emergence of such phenomena as homeless children, children who are economically and/or sexually exploited, child mothers who become prostitutes, child laborers, young offenders, etc. The HIV/AIDS pandemic, because of the orphans left in its wake and the children it infects or affects to varying degrees, has worsened the social situation of the most disadvantaged segments of the population, who are often the most vulnerable.

The sector’s overall objective is to contribute to the development of the country’s human capital. In addition to the family, the government gives special attention to the situation of women and the disadvantaged (the disabled, beggars, the excluded, etc.). The specific objectives pursued in recent years are based on the three following programming thrusts: (i) improve the living conditions of vulnerable groups; (ii) provide legal and social protection for disadvantaged groups; and (iii) promote the socioprofessional integration of the disabled.

To attain these objectives, top priority is given to the care of children in need of special protection, the protection and economic and social integration of the disabled, the promotion of women and gender equality, and the protection of the elderly and families in difficulty.

Program 5.3.1: Protection and development of young children and adolescents.

On the eve of the World Summit for Children (1990), the situation of children in Chad was critical owing to the lack of care and education infrastructure, qualified personnel, and resources, as well as the long period of political and institutional instability that the country had experienced. The priority actions of the government are designed, first, to benefit children in need of special protection (CNSP), particularly children orphaned by HIV/AIDS, as well as homeless children and child victims of abuse and exploitation.

Priorities and objectives
• Create a legal and social environment conducive to the protection of children.
• Expand early childhood care and education.
• Improve the registration of births.

Projects (measures and actions)
• Adoption of the Child Protection Code.
• Formulation of the national policy for AIDS orphans and vulnerable children.
• Construction of the National Center for the Training and Social Reintegration of Homeless Children (CNAFER).
• Construction and equipment of 20 nursery schools and child care facilities, 20 community day care centers.
Training of municipal authorities, OPJs (criminal investigation officers), social workers, judges, and staff of CNSP care and education institutions trained in ENPS issues and care.

Increase in the registration of births.

Training of municipal advisors, OPJs, social workers, judges, and staff of ENPS care and education institutions in CNSP issues.

Signing of partnership agreements with the various entities working on behalf of children.

**Expected results**

- The rate of care and education provided to children aged 0-6 increased from 4 percent to 7 percent.
- The rate of registration of births increased from 6 percent to 15 percent.
- CNSPs cared for and reintegrated (10,000 children in survival strategy; 15,000 AIDS orphans and vulnerable children).
- Child victims of abuse, negligence, and sexual and economic exploitation identified and cared for.
- Families and communities taking in AIDS orphans and vulnerable children trained and supported.
- Partnership agreements signed with the participants.
- Situation of CNSPs documented.

**Program 5.3.2: Protection and promotion of the disabled**

Most disabled individuals are illiterate, have no vocational skills, and are therefore unemployed or driven to begging. However, the disabled are organized into associations and/or unions, which facilitates their integration into the work force in a more mutually supportive environment. Few organizations participate in financing the training and integration of the disabled in Chad. The government has taken steps to guarantee free education for the disabled. The program is aimed at ensuring better training and more effective assistance for the destitute.

**Priorities and objectives**

- Improve the rehabilitation and socioprofessional integration of the disabled (motor disabled, partially sighted, hearing impaired, intellectually challenged).

**Projects (measures and actions)**

- Study on the prevalence of handicaps and the real needs of the disabled in Chad.
- Construction of 6 centers for the training and integration of the disabled.
- Census of disabled persons in Chad.

**Expected results**

- Most disabled persons living with HIV/AIDS are assisted.
- 15 specialized educators trained.
- 30 employees of the Directorate for the Reintegration of the Disabled are retrained.
- 25 percent of the 700,000 disabled are socially and professionally integrated.
- 300 leaders of organizations for the disabled trained in various fields.
- 15 percent of the disabled targeted by the program are able to read and write.
• 25,000 disabled children and children of disabled persons provided with educational, health, and vocational assistance.

Program 5.3.3: Promotion of women and gender issues

Women in Chad make up 52 percent of the population, most live in rural areas (80 percent), and the majority of women are illiterate. They represent a very large proportion of the labor force, especially in the agricultural and livestock sector and in the informal sector: women working in these sectors make up 86 percent of the female labor force. However, they are greatly undervalued because of the many forms of discrimination which they face. Their status is defined by a lack of political and economic opportunities, little involvement in decision-making at all levels, as well as limited access to basic social services. They continue to be victims of gender-based violence. As a result, they are more likely to be poor. The segment of the female population most affected is that of female heads of household (22 percent according to the 1993 GCPH). The proportion of poor households is 55 percent, and households headed by a woman are more vulnerable to poverty (54 percent as opposed to 34 percent).

The new political guidelines concerning gender are based on the third Millennium Development Goal, which calls for the reduction of inequalities in access to basic services (health, education, nutrition), nonagricultural paid employment, and promotion of the participation of women in public and community life. The first priority in this case is to build the capacities of women, particularly in rural areas (the most vulnerable) with a view to promoting their empowerment, followed by the representation of women in political, economic, and social decision-making, as well as the inclusion of gender issues in the preparation and implementation of development policies and strategies.

The priority actions identified under this policy are: (i) improvement of the social and legal environment of women; (ii) strengthening of actions to empower women; (iii) capacity building and advocacy for the inclusion of gender issues in development policies and strategies; and (iv) enhancement of the partnership for gender equality and equity.

**Priorities and objectives**
- Improve the socioeconomic and legal status of women.
- Promote the inclusion of gender issues in national development policies and programs.

**Projects (measures and actions)**
- Prepare, adopt, and implement the National Gender Policy.
- National Action Plan to Combat SGBV (Sexual and Gender-Based Violence).
- Establishment of a National Gender Development Fund.
- Capacity building for the personnel of rural and urban women’s organizations in specific fields.
- Promotion of schooling for girls and the functional literacy of women.
- Project to promote NICT to benefit women.
- Agreement with the Chadian Red Cross to promote “gender development.”

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21 For two years, the CRT has been successfully executing a program to combat female genital mutilation (FGM) with the Swedish Red Cross and support from the IFRC (International Federation of Red Cross and Red Crescent
• Creation of a Gender Equality Observatory in Chad.

Expected results
• National Gender Policy (PNG) prepared and adopted.
• PNG Action Plan prepared and approved.
• Existence of mechanisms for the integration of gender issues in all sectors.
• 30 percent of women appointed to decision-making bodies.
• 30 percent of deputies are women.
• Prevalence of domestic violence against women reduced by 30 percent.
• Reduction in the prevalence of female genital mutilation.
• 180,000 rural women taught to read and write.
• Girl/boy equity achieved in primary education.
• The income of rural women is increased.

Program 5.3.4: Protection and promotion of the family

The various socioeconomic and political crises that Chad has endured since independence have affected the general population and vulnerable groups in particular. This situation is especially serious as parental authority, the education of children, and the cohesion and well-being of families have been greatly altered. It is therefore essential to protect the family and promote appropriate activities to improve living conditions and strengthen the primary role of parental responsibility. The program is aimed at improving the living conditions of disadvantaged persons and needy families to help them adapt to socioeconomic and cultural changes.

Priorities and objectives
• Establish a legal framework covering social welfare issues.
• Contribute to improvement of the living conditions of vulnerable persons and families taking in AIDS orphans and vulnerable children.
• Build the institutional and human resource capacities of the DAS (Directorate of Social Action).

Projects (measures and actions)
• Preparation of a social welfare policy.
• Training of 80 social workers in Education in Family Life.
• Psychosocial and material assistance for PLHIV (persons living with HIV).
• Creation of a directory of economic interest groups and cooperatives.
• Material, psychosocial, and legal assistance for vulnerable persons (displaced persons, disaster victims, social cases).
• Construction and equipment of 4 senior homes in N’Djaména, Moundou, Sarh, and Abéché.
• Campaign to raise family awareness of the risks associated with the consumption of drugs and alcohol.

Societies). This program covers more than 80 communities in the regions of Eastern and Western Logone, Mandoul, and Ouaddaï. Income-generating microprojects (processing of local products, dressmaking) were developed with the help of the Catholic Church of Sarh (The Sisters) for groups of vulnerable women, particularly child mothers and women living with HIV/AIDS.
• Pyschosocial assistance for 10,000 drug addicts and alcoholics.
• Redefinition of the package of implementing unit actions.
• Social leadership training for 60 social workers.
• Community development training for 100 social welfare officials.
• Training of 20 planning officials, specialized educators, and social inspectors.
• Retraining of 200 social welfare officials.
• Construction of 20 social centers.

Expected results
• Persons and Family Code adopted and disseminated.
• Social welfare policy prepared and adopted.
• 30 percent of needy families identified are assisted.
• 200,000 displaced persons and disaster victims assisted.
• 7,500 social cases assisted and supported.
• 300,000 persons made aware of the harmful effects of drugs and alcohol.
• 10,000 drug addicts and alcoholics rehabilitated.
• Social welfare situation documented and funded.

Program 5.3.5: Institutional capacity building

The broad range of actions to be taken by the Ministry of Social Action, National Solidarity and the Family requires appropriate institutional and human resources. However, the resources needed to ensure the development and monitoring of social policies are quantitatively and qualitatively lacking. This assessment was made in the analysis of the ministry’s capacities carried out in 2003. Consequently, this department is very poorly equipped for effective day-to-day and forward-looking management.

Priorities and objectives
• Strengthen human resources.
• Build capacities for the planning and implementation of social development programs and projects.
• Improve the coordination, monitoring, and assessment of the implementation of the ministry’s programs.

Projects (measures and actions)
• Preparation of a three-year social development action plan.
• Preparation and implementation of a training plan.
• Construction of the ministry.
• Establishment of a higher education institution for social workers.
• Construction and equipment of 15 regional offices.
• Signing of partnership agreements with institutions and entities working in the field of social promotion and welfare.

Expected results
• Planning, management, and guidance capacities strengthened.
## ANNEX II: BUDGETARY AND MACROECONOMIC FRAMEWORK

### Priority sectors

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<td>131.352</td>
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<td>111.822</td>
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| **Available resources**| 137.457| 112.210| 62.417 | 92.746 | 101.207|
| **Financing gap**      | 0.000  | -56.890| -49.405| -25.144| -32.860|

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<td>34.958</td>
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| **Available resources**| 29.803| 31.155| 22.770| 24.443| 27.043|
| **Financing gap**      | 0.000 | -19.970| -17.779| -10.515| -12.066|

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<td><strong>TOTAL</strong></td>
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| **Available resources**| 33.472| 26.462| 25.945| 25.494| 27.843|
| **Financing gap**      | 0.000 | -11.318| -9.859| -10.466| -7.911|

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<td>Community contributions</td>
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### Justice

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### Supreme Court

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### High Court of Justice

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### Cooperative Development and Microcredit

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<td><strong>TOTAL</strong></td>
<td><strong>1.628</strong></td>
<td><strong>5.761</strong></td>
<td><strong>5.876</strong></td>
<td><strong>5.993</strong></td>
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**Available resources**

1.628 2.058 2.316 2.607 2.152

**Financing gap**

0.000 -3.703 -3.560 -3.386 -2.662

**Oil**

1.628 4.134 4.216 4.301 3.823

**Personnel**

0.276 0.282 0.287 0.293 0.284

**Goods and services**

0.805 0.821 0.838 0.854 0.829

**Transfers**

0.700 0.714 0.728 0.743 0.721

**Investment**

0.860 2.317 2.364 2.411 1.988

**Government Budget**

2.641 4.134 4.216 4.301 3.823

**Partner contributions**

**Community contributions**

**TOTAL**

2.641 4.134 4.216 4.301 3.823

**Available resources**

2.641 2.612 2.666 2.719 2.660

**Financing gap**

0.000 -1.522 -1.550 -1.582 -1.164

**Decentralization**

0.719 1.533 1.564 1.595 1.353

**Personnel**

0.149 0.152 0.155 0.158 0.154

**Goods and services**

0.217 0.221 0.226 0.230 0.224

**Transfers**

0.200 1.004 1.024 1.045 0.818

**Investment**

0.153 0.156 0.159 0.162 0.158

**Government Budget**

0.719 1.533 1.564 1.595 1.353

**Partner contributions**

**Community contributions**

**TOTAL**

0.719 1.533 1.564 1.595 1.353

**Available resources**

0.719 0.834 0.843 0.851 0.812

**Financing gap**

0.000 -0.699 -0.721 -0.744 -0.541

**General Government Oversight**

1.529 2.660 2.713 2.767 2.417

**Personnel**

0.404 0.412 0.420 0.429 0.416

**Goods and services**

0.695 0.709 0.723 0.738 0.716

**Transfers**

0.000 1.000 1.020 1.040 0.765

**Investment**

0.430 0.539 0.549 0.560 0.520

**Government Budget**

1.529 2.660 2.713 2.767 2.417

**Partner contributions**

**Community contributions**

**TOTAL**

1.529 2.660 2.713 2.767 2.417

**Available resources**

1.529 1.601 1.640 1.678 1.612

**Financing gap**

0.000 -1.059 -1.073 -1.089 -0.805

**Human Rights**

0.587 0.599 0.611 0.623 0.605

**Personnel**

0.077 0.079 0.080 0.082 0.079

**Goods and services**

0.202 0.206 0.210 0.214 0.208

**Transfers**

0.050 0.051 0.052 0.053 0.052

**Investment**

0.258 0.263 0.268 0.274 0.266

**Government Budget**

0.587 0.599 0.611 0.623 0.605

**Partner contributions**

Poverty Reduction and Growth Strategy Paper 180
### Community contributions

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### Law and Order

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### Available resources

|--------------|--------|--------|--------|--------|--------|

### Financing gap

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### Available resources

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<td>84.988</td>
<td>86.688</td>
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### Financing gap

<table>
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<tr>
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### Ombudsperson

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<th>0.926</th>
<th>0.945</th>
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<tbody>
<tr>
<td><strong>Personnel</strong></td>
<td>0.190</td>
<td>0.193</td>
<td>0.197</td>
<td>0.201</td>
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<tr>
<td><strong>Goods and services</strong></td>
<td>0.082</td>
<td>0.084</td>
<td>0.085</td>
<td>0.087</td>
<td>0.084</td>
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<tr>
<td><strong>Transfers</strong></td>
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<td>0.375</td>
<td>0.538</td>
<td>0.549</td>
<td>0.411</td>
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### Available resources

<table>
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<tr>
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<th>0.609</th>
<th>0.629</th>
<th>0.596</th>
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<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>0.557</td>
<td>0.756</td>
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<td>0.796</td>
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### Economic and Social Council

<table>
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<tr>
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<th>1.179</th>
<th>1.202</th>
<th>1.045</th>
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<tbody>
<tr>
<td><strong>Personnel</strong></td>
<td>0.281</td>
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<td>0.212</td>
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### Available resources

<table>
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<tr>
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<th>1.179</th>
<th>1.202</th>
<th>1.045</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>0.643</td>
<td>1.155</td>
<td>1.179</td>
<td>1.202</td>
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### Available resources

<table>
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### Economy and Planning

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<tbody>
<tr>
<td>35 Personnel</td>
<td>0.829</td>
<td>0.846</td>
<td>0.862</td>
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<td>35 Goods and services</td>
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<td>2.071</td>
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<tr>
<td>35 Transfers</td>
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<td>5.337</td>
<td>5.444</td>
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<tr>
<td>35 Investment</td>
<td>1.755</td>
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</tr>
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<td>Partner contributions</td>
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<td></td>
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<td></td>
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<tr>
<td>Community contributions</td>
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<tr>
<td><strong>TOTAL</strong></td>
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### Financing gap

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### Finance

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<th>42.416</th>
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<td>Partner contributions</td>
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<td></td>
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<td>Community contributions</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>41.584</td>
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### Available resources

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### Financing gap

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### TOTAL PRIORITY

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### TOTAL NON-DEFENSE

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### TOTAL NPRS II GAP

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### NON-DEFENSE NPRS II GAP

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### TOTAL NPRS2 BUDGET

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### Of which non-defense

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### TOTAL NPRS2 GAP

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### Of which non-defense

<table>
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