

# **Economic Research on Chad**

## **by the staff of the International Monetary Fund**

August 2016

### **Macrofinancial linkages in Chad**

By Gabriel Léost, Jephthe Nsumbu Kibidikila and Alex Ho

*In this context, and after overviewing the financial sector's structure in Chad, this chapter describes the key macro-financial linkages with a focus on (i) banks vulnerabilities associated to the decline in oil revenue and the sharp fiscal adjustment, and (ii) the consequences of the government's quest for additional financing. Finally, in light of the potential crowding-out of credit to the private sector, we analyze the recent trends on financial inclusion with a focus on microfinance.*

August 2016

### **Chad's first steps in the regional public securities market**

By Gabriel Léost

*Since 2011, Chad expanded its issuances and was the largest issuer among CEMAC members in 2015. The first steps taken by Chad in the regional securities market have been encouraging, obtaining financing regularly at relatively low interest rates and without exchange rate risk. On the basis of a more comprehensive analysis of the CEMAC securities market, this chapter stresses some challenges and makes some recommendations to strengthen Chad's participation in the regional public securities market.*

August 2016

### **Public investment efficiency in Chad**

By Gabriel Léost et Marwa Ibrahim

*This chapter focuses on the efficiency of public investment, which can be defined as the relation between the value of public capital (input) and measures of infrastructure coverage and quality (output). This is a relevant issue for Chad, since public investment took off in the early 2000s thanks to the start of oil exports and the associated substantial increase in fiscal oil revenues and increased access to borrowing in foreign markets.*

August 2016

**Chad' oil sector - increasing complexity placing greater demands on transparency and integrity arrangements**

By Anton Op de Beke et Samson Kwalingana

*This paper describes how Chad's oil sector became increasingly complex—with more producing companies and a new fiscal regime—and then discuss the transparency and integrity arrangements in place and make good-practice recommendations for their strengthening.*

February 2009

**Assessing competitiveness in Chad**

By Oscar Melhado et Anton Op de Beke

*This paper analyzes competitiveness in Chad since the advent of the oil era in the 2000s. Oil has since positioned itself as the key sector of a traditional economy that previously depended on agriculture and some light manufacturing. Oil is changing many features of an economy in which some part of the population is nomad and which has been in a state of war for over the last 30 years. The question here is whether Chad's competitiveness has been affected by oil production.*

February 2009

**Assessment of Fiscal Sustainability for Chad**

By Alejandro Simone

*This paper examines how Chad has fared with fiscal sustainability and with policies to ensure such sustainability. The paper has three sections. In the first section, fiscal policy in Chad in recent years is compared with that in 28 other oil producing countries, including in a historical perspective of the boom-bust cycles of the 1970s that culminated in the debt crisis of the 1980s. In the second, section the paper goes beyond relative comparisons with other oil countries, and provides an assessment of whether fiscal policy (measured by the non-oil primary deficit (NOPD)) is sustainable under various permanent income hypothesis type approaches. A final section concludes and discusses briefly reforms to ensure fiscal sustainability in Chad.*

January 2007

### **Sources of economic growth in Chad**

By Teresa Dabán and Dmitriy Kovtun

*This paper supplements the standard growth accounting exercise, which reveals historical sources of growth, with an analysis of Chad's current growth potential, including the opportunities which the petroleum sector offers. The paper analyzes factors of production and constraints that influence economic growth in Chad.*

January 2007

### **Chad: dimensions of poverty and distribution of oil revenue**

By Tove Strauss

*The coming on-stream of oil revenue in 2004 has given Chad an unprecedented opportunity to make a lasting dent in poverty. To seize this opportunity, the authorities must implement well-designed policies to avoid the "natural resource curse."<sup>9</sup> This paper describes the main features of poverty in Chad and assesses alternative ways of using oil revenue to reduce poverty over time.*

January 2007

### **Assessing competitiveness in chad in light of oil**

By Laure Redifer

*Chad is one of the poorest countries in the world. When oil began flowing in 2003-04, there were strong expectations that it would be a panacea for this land-locked desert nation. Revenues were to be tightly controlled by a Petroleum Revenue Management Law (PRML), passage of which the World Bank required as a condition of its participation in developing the sector. Leaving aside the controversial question of the use of oil revenues, oil exports have radically altered the profile of Chad's economy. What has this meant for the rest of the economy and Chad's non-oil export sector? This paper is a preliminary exploration of the impact of oil on Chad's competitiveness.*

January 2007

### **Fiscal policy and oil revenues management: the case of Chad**

By Teresa Dabán and Sarah Lacoche.

*Oil revenue offers an unprecedented opportunity for Chad to reduce poverty, but it brings with it serious challenges. The main fiscal challenge is how to guarantee an efficient, transparent, and sustainable use of Chad's short-lived and volatile oil revenue to finance poverty reduction programs, while striking the right balance between spending now and conserving some assets for the future. This paper proposes that Chad adopt a long-term fiscal strategy, nested within a medium-term fiscal framework, and discusses improvements in Chad's institutional fiscal policies that could support the implementation of such a strategy.*

January 2007

### **Civil and military service reform in Chad**

By Sarah Lacoche.

*Civil and military service reform in Chad is essential for strengthening public administration, in particular as regard policy formulation and reform implementation capacity, and improving governance. Such reforms would help improve Chad's reform execution and thus strengthen its macroeconomic performance. The military service, which accounts for about 40 percent of public employment, should also be modernized. This paper assesses the implementation of civil and military service reforms, describes the main features of the civil and military services, and provides reform recommendations.*

January 2007

### **Chad's microfinance sector: an overview**

By Ngueto Yambaye and Teresa Dabán

*Microfinance institutions (MFIs) have been successful in improving the population's access to financial services. Between 2000 and 2004, the microfinance sector grew rapidly: the number of MFIs doubled, the amount of credit extended by such institutions tripled, and their deposits increased sevenfold. This paper examines the status and development challenges of Chad's microfinance sector.*