

Chad

An improved security situation and higher oil prices produced better growth (5.9%) in 2010 than 2009 (1.7%). This should hold up in 2011 and 2012, though budget management continues to be a serious problem.

With civil peace being consolidated, the challenges now are the advancing desert and drying-up of Lake Chad, which could harm the economy, the society and peace between farmers and the nomadic population.

Partnership with emerging countries, which focuses on areas of the economy neglected by traditional partners, is dominated by China, which wants to marginalise the presence of Chinese Taipei in Africa, and India, which has a continental strategy and seeks markets.

The economy did fairly well in 2010, growing an estimated 5.9% (up from 1.7% in 2009), with the better security situation a key. Growth was also driven by external factors such as higher world oil prices. The oil sector advanced by only 0.3% however, while the non-oil sector expanded strongly (6.4%, against 3.3% in 2009). As world demand picks up and construction and oil sector investment continues, overall growth is expected to be 5.7% in 2011 and 6.9% in 2012. Inflation fell sharply to 0.6%, from 10.1% in 2009. Public finance management was problematic due to poorly planned investment spending (based on domestic funding) which widely overshot budget limits and increased the primary non-oil deficit to 28.4% (up from 25.1% in 2009). Healthy oil prices substantially improved the external position and strong growth of goods exports (+33.8%) and foreign direct investment (FDI) in the oil sector (+36.8%) reduced the current account deficit to 12.8% of gross domestic product (GDP) (from 16.9% in 2009).

After decades of fighting, Chad has been fairly peaceful for the past two years due to concerted dialogue inside and outside the country. Presidential, parliamentary and local elections are due in early 2011. The government is also normalising ties with Sudan through a peace agreement and creation of a joint force to patrol the shared border. With civil peace being consolidated, the biggest challenge now is environmental, from the advancing desert and the drying-up of Lake Chad, which could harm the nation's health, damage agriculture, increase poverty and threaten the peaceful cohabitation of farmers and the nomadic population.

Despite progress in 2010, social indicators are still far below those elsewhere in sub-Saharan Africa. The second national household consumption and informal sector survey ECOSIT 2 (*Enquête sur la Consommation des Ménages et le Secteur Informel au Tchad*) showed 55% of people were poor, 87% of them in the countryside. The government aims to reduce the national rate to 41.3% in 2011 – 20.4% in urban areas (from 24.6% in 2003) and 44% in rural areas (58.6% in 2003).

Partnership with emerging countries is mostly with China and India and focuses on areas of the economy neglected by traditional partners. Though Chad produces oil, neither country seems to be interested in its raw materials, and the partnerships are based on FDI, diplomacy, investment in production facilities and to a lesser extent on Chad importing their goods. The tie-up with China is also part of Beijing's efforts to marginalise Chinese Taipei's presence in Africa, while India has a long-term continental strategy and seeks markets.

Table 1: Macroeconomic indicators

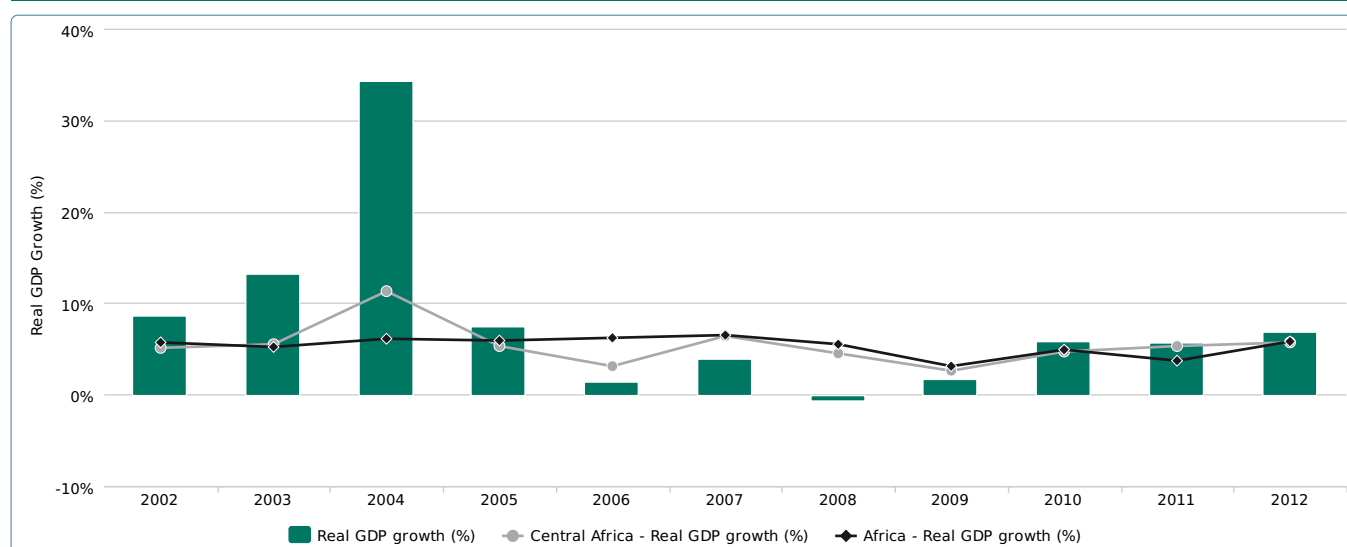
	2009	2010	2011	2012
Real GDP growth	1.7	5.9	5.7	6.9
CPI inflation	10.1	0.6	3.1	3.2
Budget balance % GDP	-9.8	-12.5	-9.1	-8.5
Current account % GDP	-16.9	-11.3	-9.5	-9.4

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932406289>

Figure 1: Real GDP growth (C)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932403933>