key figures

- Land area, thousands of km$^2$: 1,259
- Population, thousands (2000): 7,885
- GDP per capita, $ (2000): 177
- Illiteracy rate (2001): 55.8
Thirty years of civil war have profoundly affected Chad. Infrastructure, institutions and the health and social situation have been badly hit by the political instability and the country is now one of the world’s poorest. However, a tilt towards democracy since the mid-1990s has brought much better economic and social performances. Among signs of change is an extensive oil drilling project (centred on the Doba oilfield) that had been held up by the serious political instability but was finally started in 1996. Civil society groups have made great efforts to protect the interests of local people affected by it.

A new period of energy shortages and lack of rainfall, as well as stepped-up fighting in the north of the country, began in 1999. The government is counting on the start of oil production in 2004 to revolutionise the country’s economy and make it less dependent on the uncertainties of agriculture. In the short term, increased investment linked to building the oil pipeline should see high growth rates — around 7.9 per cent in 2001 and 8.5 per cent in 2002. But this will not bring about sustained prosperity unless it involves growth of the private sector and unless governance is strengthened to produce good resource management.

**Figure 1 - Real GDP Growth**

![Graph showing Real GDP Growth](image)

**Source:** Authors’ estimates and predictions based on IMF and domestic authorities’ data.

**Recent Economic Developments**

Until 2000, agriculture was the motor of the Chadian economy owing to the area of land farmed and improved yields. However, irregular rainfall that year sent production tumbling and forecasts for 2000/01 were for only 890 000 tonnes of cereals, a 38 per cent drop from the previous year’s 1 229 800 tonnes. Chad achieved food self-sufficiency in recent years, but shortages have now reappeared and the country is expected to suffer the worst famine in a decade. It has appealed for international help to head off a
humanitarian disaster. The IMF is due to provide an extra 5 billion CFA francs (about $7 million) in aid.

As well as problems in subsistence agriculture, there have been several bad harvests of cotton, traditionally the country’s main export. Cotton production has fallen steadily — from 261 000 tonnes in 1997 to 180 000 in 1999 and to 140 000 in 2000. The drop in the world price is partly responsible for dwindling interest of farmers in the crop. But the sector has also suffered from the bad management of CotonTchad and resulting technical difficulties, including late deliveries of supplies and failure to tackle problems such as locust plagues.

Livestock accounts for 12 per cent of GDP and is the second major source of exports (mainly herds driven on foot to Nigeria). There are thought to be more than 12 million animals in this key sector that occupies about 40 per cent of the population, who use cattle as currency and a unit of savings. The number is hard to estimate however because 80 per cent of the cattle are nomadic. This sector too is mostly informal for tax reasons. Government taxes are quite low, but illegal levies by customs, local officials and tribal authorities are numerous from one end of the trading chain to the other. Farmers must also pass through inspection centres before exporting their animals, but there are only two in the whole country, both in the southwest, which obliges farmers to make long detours of sometimes several hundred kilometres.

Little is known about mineral resources. Only sodium carbonate and kaolin are currently mined, but uranium, tungsten, tin, iron and gold deposits are believed to exist. A permit to mine gold was recently granted to the South Korean firm Afko, which has invested $20 million to build a plant that will be able to treat 200 tonnes of ore a day. But it is still too soon to measure the impact on the economy of gold production, which should start in 2002/03.

Chad has large oil reserves that have not yet been tapped because of the political instability, making the country very dependent for energy on neighbouring Cameroon and Nigeria. The situation changed in 1996 when the government signed an agreement with Exxon, Mobil, Shell and Elf Aquitaine to develop the Doba oilfield and build a 1 050 km pipeline to the Cameroon port of Kribi. Human rights and environmental groups strongly oppose the project, which has been revised many times. The consortium has also changed and Elf

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1. The Ministry of Livestock reckons that about 4 000 CFA francs ($5.60) are illegally levied per animal.
2. The pipeline will now be entirely underground. The authorities will be obliged to say how they spend the oil money, giving priority to education, health and infrastructure.
and Shell were replaced in April 2000 by Chevron and Petronas before the scheme finally got off the ground in October 2000. Production is expected to start in 2004 at the rate of between 225 000 and 250 000 barrels a day for 25 years. The project is expected to greatly benefit the rest of the economy, even though most of the companies involved are foreign.

At the same time, the Sedigi Basin development project should produce 2 000 to 3 000 barrels a day which will be processed at a refinery to be built at Facha and fuel N'djamena’s electric power station.

Chad's secondary sector is very small and only amounts to 40 or so firms employing about 2 000 people.
Four companies dominate industry — Coton Tchad (handling cotton), the Compagnie Sucrière du Tchad (sugar), la Manufacture des Cigarettes du Tchad (MCT) and the Logone brewery chain. Energy and infrastructure limitations disrupted output of these firms in 2000. Coton Tchad was also hit by the slump in world cotton prices. Logone had to cope with growing competition from neighbouring countries such as Cameroon as a result of abolition of tariffs inside the CEMAC area. MCT had slightly better sales. All the firms complained of frequent electricity cuts, customs fraud and also tax pressure, the effect of which was magnified by the very small size of the country’s formal sector.

The increasingly important tertiary sector is dominated by trade. Chad is firmly landlocked but is a meeting point of various peoples and an important centre of sub-regional trade. The telecommunications sector is growing with the appearance of two operators (Cetel and Libertis). The share of non-traded goods is also very high, with 30,000 civil servants making the government the country’s main employer.

Since 2000, growth has been mostly fed by investment linked to the Doba and Sedigi oil projects. Consumption fell however because of lower household income due to bad harvests and a wage freeze for civil servants.

### Table 1 - Demand Composition (percentage of GDP)

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001 (e)</th>
<th>2002 (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross capital formation</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Public</td>
<td>4.5</td>
<td>6.4</td>
<td>9.5</td>
<td>11.5</td>
<td>19.4</td>
<td>15.8</td>
</tr>
<tr>
<td>Private</td>
<td>4.3</td>
<td>9.7</td>
<td>0.2</td>
<td>6.6</td>
<td>20.7</td>
<td>31.6</td>
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<tr>
<td><strong>Consumption</strong></td>
<td>103.2</td>
<td>95.7</td>
<td>103.6</td>
<td>96.6</td>
<td>88.2</td>
<td>82.2</td>
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<tr>
<td>Public</td>
<td>8.6</td>
<td>6.9</td>
<td>7.9</td>
<td>9.4</td>
<td>4.4</td>
<td>4.8</td>
</tr>
<tr>
<td>Private</td>
<td>94.7</td>
<td>88.8</td>
<td>95.7</td>
<td>87.3</td>
<td>83.9</td>
<td>77.5</td>
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<tr>
<td><strong>External sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>22.3</td>
<td>18.7</td>
<td>16.7</td>
<td>16.1</td>
<td>13.4</td>
<td>11.7</td>
</tr>
<tr>
<td>Imports</td>
<td>-34.3</td>
<td>-30.3</td>
<td>-30.0</td>
<td>-30.9</td>
<td>-41.7</td>
<td>-41.3</td>
</tr>
</tbody>
</table>

Source: Authors’ estimates and predictions based on IMF and domestic authorities’ data.

### Macroeconomic Policy

#### Budgetary and Monetary Policy

Government revenue increased significantly between 1993 and 1998 despite the heavily informal nature of the economy. The budget deficit fell from 8.6 per cent of GDP to only 2.5 per cent due to broadening of the tax base and wage control. Civil service recruitment, except in the social sector, was frozen and there has been no salary review for government workers since 1989, except for a 10 per cent rise after devaluation in 1994. The growth in tax revenue was boosted in 2000 with the introduction of VAT, which has become the main revenue source (a third of all tax receipts), making up for the shortfall caused by CEMAC’s abolition of tariffs. However, the tax collection ratio is still very low (about 7 per cent of GDP), well under CEMAC’s 15 per cent target, because of the smallness of the formal sector supplying this revenue. Funding from internal revenue sources is thus limited and nearly 90 per cent of investment comes from abroad.

Chad signed a new three-year agreement in 2000 with the IMF as part of a poverty reduction and growth facility (PRGF), giving it access to $13.7 million to help structural reform. But various problems in 2000 delayed release of these funds.

Expenditure was much higher than expected, easily offsetting the slight increase in revenue. Despite its promise, the government used some of the $25 million “bonus” received when Chevron and Petronas joined the oil consortium to reduce the budget deficit. By mid-October 2000, 60 per cent of this sum had been allotted to non-priority sectors,
Table 2 - Public Finances (percentage of GDP)

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001 (e)</th>
<th>2002 (p)</th>
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</thead>
<tbody>
<tr>
<td><strong>Total revenue and grants</strong></td>
<td>13.9</td>
<td>12.8</td>
<td>11.9</td>
<td>12.9</td>
<td>12.6</td>
<td>12.1</td>
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<tr>
<td>Taxes</td>
<td>5.6</td>
<td>7.0</td>
<td>7.1</td>
<td>6.8</td>
<td>7.4</td>
<td>7.2</td>
</tr>
<tr>
<td>Grants</td>
<td>7.6</td>
<td>5.1</td>
<td>3.7</td>
<td>4.9</td>
<td>4.0</td>
<td>3.6</td>
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<tr>
<td><strong>Total expenditure and net lending</strong></td>
<td>18.3</td>
<td>15.5</td>
<td>16.6</td>
<td>18.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current expenditure</td>
<td>9.1</td>
<td>7.6</td>
<td>8.9</td>
<td>9.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excluding interest</td>
<td>8.1</td>
<td>6.7</td>
<td>8.0</td>
<td>8.2</td>
<td>7.1</td>
<td>6.5</td>
</tr>
<tr>
<td>Wages</td>
<td>4.2</td>
<td>3.2</td>
<td>3.5</td>
<td>4.0</td>
<td>3.5</td>
<td>3.2</td>
</tr>
<tr>
<td>Interest payments</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>1.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>9.2</td>
<td>7.9</td>
<td>7.7</td>
<td>9.3</td>
<td>15.7</td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Primary balance</strong></td>
<td>-3.5</td>
<td>-1.8</td>
<td>-3.8</td>
<td>-4.7</td>
<td>-10.2</td>
<td>-7.2</td>
</tr>
<tr>
<td><strong>Overall balance</strong></td>
<td>-4.5</td>
<td>-2.7</td>
<td>-4.7</td>
<td>-5.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Only major items are reported.

Source: Authors’ estimates and predictions based on IMF and domestic authorities’ data.

more than half of it to defence. The government also made a number of extra-budgetary payments — mainly to do with the Sedigi oilfield — that were retrospectively recorded. As a result, at the halfway mark, the expenditure picture was very different to the declared goals, with spending on subsidies, transfers and defence exceeding limits and social sector expenditure falling short. The government also resorted to allowing arrears in external payments and civil service wage payments to build up.

However, since November 2000, the government has moved to correct the situation. More money has gone to health and education and less to other sectors. The remainder of the “bonus” was added to the 2001 budget and is expected to go to the priority sectors.

Despite the failure to meet targets, the IMF took note of government efforts to change its ways and released a second tranche of the growth assistance money.

The budget year 2001 was tricky. Tax collection goals were on target in mid-June, but forecasts for the second half of the year were troubling. During the rainy season, the third quarter is usually quiet, with low tax revenues. In 2001, this was added to by the holding of presidential elections in May and the prospect of parliamentary elections in April 2002, which slowed down economic activity and also saw some irregular expenditure. The growth of public investment is expected to lead to an increased primary balance deficit.

As with other CEMAC countries, Chad’s exchange rate is pegged to the French franc and its monetary policy is controlled by the BEAC, leaving budgetary policy as the government’s main economic instrument. The authorities managed to get inflation down from 41 per cent after the 1994 devaluation to 4.3 per cent in 1998, but recent food shortages have set off inflation. Between December 2000 and December 2001, inflation exceeded 14 per cent, reflecting a rise in the price of staples as well as industrial supply problems. However it is expected to fall around 3.2 per cent by 2002 thanks to good harvests and despite the investment boom related to the oil sector.

External Position

Chad’s exports show very little diversity, with half of export revenue coming from cotton and a quarter from livestock. The country also exports gum arabic, of which it is the world’s second biggest producer. Industrial exports are very few, amounting to cigarettes.

3. Interpretations differ, with the government refusing to see the companies’ “bonus” payment as part of oil revenue subject to the agreement on priority social funding. The 2000 money was spent without consulting the government’s partners, which was a major failure in communication.

4. After setting aside one billion CFA francs ($1.4 million) for food to head off famine.
Chad

Table 3 - Current Account (percentage of GDP)

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001 (e)</th>
<th>2002 (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade balance</td>
<td>-2.4</td>
<td>-0.6</td>
<td>-2.3</td>
<td>-3.4</td>
<td>-11.2</td>
<td>-12.3</td>
</tr>
<tr>
<td>Export of goods (f.o.b.)</td>
<td>17.1</td>
<td>15.5</td>
<td>13.5</td>
<td>13.2</td>
<td>10.8</td>
<td>9.5</td>
</tr>
<tr>
<td>Import of goods (f.o.b.)</td>
<td>-19.4</td>
<td>-16.2</td>
<td>-15.9</td>
<td>-16.7</td>
<td>-22.1</td>
<td>-21.8</td>
</tr>
<tr>
<td>Services</td>
<td>-9.8</td>
<td>-11.3</td>
<td>-10.9</td>
<td>-11.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor income</td>
<td>-1.4</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current transfers</td>
<td>5.6</td>
<td>3.6</td>
<td>1.9</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current account balance</strong></td>
<td><strong>-8.0</strong></td>
<td><strong>-9.0</strong></td>
<td><strong>-12.0</strong></td>
<td><strong>-13.5</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ estimates and predictions based on IMF and domestic authorities’ data.

Chad depends heavily on international funding for investment because domestic private savings are inexistent and government resources are very small. However, as a result of the kind of finance Chad receives — mostly grants and soft loans — the debt burden is fairly light. So while the nominal external debt is $1.1 billion (three-quarters of GDP), it is less than half that (34.6 per cent) in net present value (NPV) terms. In recent years, negotiations with bilateral funding sources have involved “multilateralising” the debt structure (83 per cent multilateral at the end of 2000, including 48.2 per cent to IDA). Bilateral debt and beer to the sub-region. But since Chad’s trade is largely informal, any accounting is difficult.

The national trade balance is inherently negative on account of heavy dependence on oil imports. This deficit is likely to increase in the next few years with the growth of material imports to build up the oil project infrastructures and is expected to reach 11.2 per cent of GDP in 2001 and 12.3 per cent in 2002. Later however, in about 2004, the trade balance should improve as oil exports ease the need for the current imports of it.

Figure 5 - Stock of Total External Debt (percentage of GNP) and Debt Service (percentage of exports of goods and services)

was 15.8 per cent, including 5.1 per cent of it being renegotiated with the Paris Club. Commercial debt is very low, at just 0.5 per cent of total external debt.

As a consequence of the disastrous handling of the oil bonus, funding agencies, including the IMF and the European Union, suspended aid disbursements in 2000 and external funding dried up. As a result, Chad began in November 2000 to accumulate internal and external debt arrears for the first time since 1995. Resumption of the aid flow in 2001 enabled some of these debts to be paid off.

Chad has also been declared eligible for the Heavily Indebted Poor Countries (HIPC) Initiative. However, on account of its failure to meet the PRGF targets, Chad was unable to reach its decision point on time in June 2000. It did so on 16 May 2001, which should give it the right to $260 million ($170 million NPV) of debt relief in 2002. Completion point still depends on the government presenting a poverty-reduction plan for World Bank and IMF approval by first quarter 2002.

Structural Issues

Despite the delays at the end of 2000, great progress was made in structural reform. In line with the CEMAC agreements, virtually all price controls were abolished and in April 2001, a proposal to end price control on petrol was presented to parliament. The labour laws were revised to make wage regulations less strict. The OHADA rules have been introduced which should improve the legal climate and enable better use to be made of the oil investments. An investment charter and a mining code were drawn up.

The privatisation programme began in the early 1990s with restructuring of the economy’s non-strategic sectors. In June 1999, 14 state firms were disbanded, 14 privatised and 12 restructured. The government then tackled larger bodies whose privatisation was more complicated. Sonasut and the STEE had serious financial problems when they were put up for sale, which made their disposal difficult. Sonasut was taken over in April 2000 by the Compagnie Sucrière du Tchad (part of the Somdiaa group) for 15 billion CFA francs ($21 million), 11.2 billion CFA francs ($15.7 million) of which went to pay off the firm’s long-term debts. In 2001, after a year’s operation, the company was back on a sound footing after being a drag on the state budget for years.

The STEE was taken over in September 2000 by the French group Vivendi through a management contract. Vivendi is also to run things after the new Farcha oil refinery and the new electric power station begin operating. Until then, the French firm has agreed not to raise electricity prices. Rates after that will depend on the price of oil. Meanwhile, firms are suffering from frequent power cuts, the STEE has major financial problems and Vivendi is complaining about the antiquated operation it has taken over. Getting the refinery going is also problematic, with the government querying the high cost of the supply contract. The situation is frozen for the moment and international institutions cannot provide funding because the deal has not been publicly tendered.

Another tricky problem is CotonTchad, whose profitability dropped sharply with the world price of cotton. In early 2000, a new method of setting prices was introduced that was based on consultation with the farmers. In July 2001, the oil and soap factory was split up and was due to be privatised by the end of the year. At the same time, an audit of CotonTchad’s finances and operations was carried out, a financial restructuring plan adopted and a comptroller general appointed. A review of possible privatisation formulas is under way.

Chad is a firmly landlocked country more than 1 500 km from the nearest major sea outlets of Douala and Port Harcourt. Its infrastructure is one of the most primitive in Africa. Despite the country’s size (two and a half times bigger than France), only 500 km of roads are paved and they are only passable for 6-8 months a year. The only major road goes south from the capital but does not reach Moundou, a major economic centre and the headquarters of CotonTchad, the Logone breweries and the cigarette-making firm. Infrastructure has suffered greatly from the political instability since independence. The weather is an extra problem and the roads nearest to Sudan are under water in the rainy season.
season, cutting the region off from the rest of the country. However, the oil project will involve a great deal of road improvement and the World Bank agreed to a $67 million loan in October 2000 to improve rural roads. The government has also begun building a road network, mainly linking the country with Cameroon, using European Union funds. A road maintenance fund was set up in January 2001.

Health services and electricity supply networks are also in a very bad way. No towns have drainage systems and only 16 of 84 have any piped drinking water. In the countryside, three-quarters of villages of over 300 inhabitants have no water, despite the fact that there is enough water underground to supply the whole country. Only one per cent of Chadian households are connected to the public electricity network. Firewood remains the chief source of energy, seriously aggravating deforestation and desertification. In addition, energy supplies from Cameroon and Nigeria have been irregular since 1998. Such dependence explains the very high cost of electricity in Chad, at 190 CFA francs ($0.27) per kWh the highest in Africa.

The banking system is being stabilised but is still extremely weak and undeveloped and has been hard hit by the country’s successive wars. Chadians regard it with much suspicion and keep their savings at home. Bank use is very low and 80 per cent of deposits are government funds. The country’s five banks have an acute lack of funds made worse by the fact that foreign firms make use of the little there is. Local businessmen do not know enough about the system and do not operate in formal enough ways to be able to draw on the small amount of funding that exists. So it is hard for Chad’s banks to support economic development, and local funding for projects in agriculture and cattle raising (the core of the economy) is virtually non-existent. The unsuitable structures are especially problematic at a time when the oil project is offering major investment opportunities.

For all these reasons and despite clear improvements, the private sector remains very weak in Chad. Its lack of human and institutional capacity and of transport and energy infrastructures has prevented it so far from taking advantage of the knock-on effect of the oil project.

The Political and Social Context

Problems of governance are a recurring issue in Chad. They arose most recently over the controversial handling of expenditure relating to the oil “bonus”. To meet the conditions imposed by the international financial institutions and obtain the second tranche of the funding negotiated with the IMF, the government promised at the end of 2000 to act with more transparency. Decisions were made about the irregularities that took place. The unspent part of the money paid by the oil consortium was frozen until the Collège de Contrôle et de Surveillance des Revenus Pétroliers (CCSRP) monitoring agency begins operating. At the end of December 2000, the authorities submitted details of their accounting to the IMF and the World Bank and said there would be no more extra-budgetary expenditure.

Structural reforms were also begun in other areas to improve transparency. A review of the civil service was completed in November 2000 and is expected to result in updating the salary structure and eliminating some irregularities. An action plan was introduced in January 2001 to monitor social spending and its suitability to programmes. In the political field, decentralisation was started in 2000 with creation of territorial départements. However the change is still largely on paper. Parliament has not yet passed the decentralisation law and there has been no transfer yet of powers and responsibilities, and even less any interest in it by Chadians. The first municipal elections are due to be held in 2002.

Political instability is a constant problem, especially as it was behind the recent government financial irregularities. Since independence, Chad has been plagued by rebellions and coup d’états that have been
serious obstacles to development. President Idris Déby, who came to power in December 1990 after overthrowing Hissène Habré in a coup d’état, has led the country in the general direction of democracy. Political parties were allowed in 1992 and the following year, a Supreme National Conference (Conférence Nationale Souveraine) was held and led to appointment of a transitional government and the setting up of pluralist institutions. A new national constitution was introduced in 1996, presidential elections were held in June and July the same year and a parliament began work in 1997.

Despite the regime’s opening-up, democracy is not at all firmly established in Chad. The president is widely accused of keeping the political and economic apparatus under the control of his Patriotic Salvation Movement (Mouvement Patriotique de Salut). The May 2001 presidential elections, at which Déby was re-elected, were marred by charges of human rights violations and fraud and the six defeated candidates were arrested along with about 30 other opposition supporters. The April 2002 parliamentary elections will be a good pointer to how far democracy has taken root in the country.

A major destabilising factor is the revolt in the northern Tibesti region that began in October 1998 led by former defence minister Youssouf Togoimi and his Movement for Democracy and Justice in Chad (MDJT). The rebellion, which is quite small, involves only about 2 000 men and is confined to the north, shows how fragile national unity is. A similar revolt in the south recently ended with the death of its leader, Moïse Ketté, and the defection of his supporters to the government side.

Seasonal movement of livestock is another internal source of conflict. The sparseness and poor quality of vegetation in traditional areas has forced the nomads to look elsewhere, which has sometimes led to clashes with farmers who are also pushing beyond the old arable areas.

Chad is not only threatened from within. It has prickly relations with its northern neighbour, Libya. Despite the return of the Aouzou Strip from Libya in 1994 and Tripoli’s mediation in the dispute with the MDJT, the government suspects it of secretly backing the rebels.

In terms of social indicators, Chad is one of the world’s poorest countries and is in 167th position on the UN’s 174-country Human Development Index. Some 46.5 per cent of its 7.9 million people are below the age of 15 and population growth (3 per cent a year) is one of the highest in Africa. This means Chad’s population may double over the next 30 years and worsen poverty. A 1997 national survey said food poverty (below a daily per capita income of 173 CFA francs — $0.25) affected 46.2 per cent of the rural population and 38 per cent in urban areas.

Poverty hits rural people and women the most. An attitude survey by the UN Development Programme in 2000 showed that perceived causes of poverty varied widely from region to region according to standard of living. In the towns, people mentioned problems of access to health care and education. Near the Sudanese border, personal security and availability of food were the main concerns. In the Sahel part of the country, agricultural supplies (material and credit) were seen as the key to fighting poverty.

The social sectors of the economy are usually a small part of the national budget (health gets 7 per cent, including wages) and are mainly funded by foreign sources. But good progress was made during the 1990s with a significant structural shift of government spending towards social sectors.

Health statistics for 1999 gave life expectancy as only 46 years and infant mortality as 116 per 1 000 (in Cameroon, these figures are 50 and less than 79). Maternal mortality remains about 830 per 100 000, compared with less than 600 in Mali and Madagascar.

6. The government says the expenditure on weaponry was in the interests of national security because of the recent unrest in the north.

7. The World Bank estimates that 80 per cent of the population is living on less than $1 a day.
Only 29 per cent of children are vaccinated. Malnutrition and weak health infrastructure have meant Chad has epidemics of malaria (which kills an estimated 38 000 people every year), leprosy, river blindness, tuberculosis and sometimes cholera and dysentery. Under the HIPC programme, the government plans to strengthen basic health care, especially training personnel so that each clinic has at least one qualified nurse — a tall order because of the country's scattered population.

Educational facilities are improving significantly but the situation is still alarming. Gross primary school enrolment is 67 per cent, but a high dropout rate means only 44 per cent of boys and 32 per cent of girls attend for all six years. These scores are among the lowest in Sub-Saharan Africa, which means literacy is very low (44.2 per cent among people over 15).

At secondary level, things are not much better. Usually, of the 22 000 or so candidates for the bac high school graduation exam, only 9 000 are allowed to take it and of these only 7 000 pass. To improve the results, the government has drafted a five-year plan to increase primary school attendance to 80 per cent by 2005, along with boosting the quality of education and reducing the disparity between boys and girls. It includes improving teachers' pay and training, introducing a bilingual French-Arabic curriculum and increasing the supply of schoolbooks. The overall aim is greater emphasis on primary education and basic literacy.

8. Some classes are given by untrained community teachers who do not take pupils through the official national curriculum

9. A major problem of promoting literacy in Chad is that 173 languages are spoken and some children may be taught in a language not spoken in their homes.