This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Executive Summary

Following the almost successful 2008 attack on N’Djamena by Chadian rebel groups supported by neighboring Sudan, the president and the ruling clan succeeded in tightening their grip on power to avoid further threats from armed rebels or civilian opposition. This has to be taken into account when considering Chad’s political and economic development in the last two years as the government emphasized the extension of its internal and external power base. Oil revenues were primarily used for continued security spending instead of programs for poverty reduction. The infrastructure (roads, hospitals etc.) in N’Djamena and other north-eastern towns was improved, but not everyone in the country profited. The president’s power base at the Sudanese border near Darfur was privileged whereas the southern oil-producing regions were ignored. The IMF said that the regional central bank suffered a near exhaustion of the saved oil revenues and drawing rights as a result of militarization and patronage. Only soft loans from Libya and China helped to settle the budget at the end of 2010.

Despite repeated counsel from the IMF and the World Bank, Chad did not manage to diversify its economy but remained heavily dependent on oil revenues which will – despite further extensions by Chinese investors – only last a limited period of time.

Ahead of the referendum in southern Sudan and the elections in Chad, the proxy war between Khartoum and N’Djamena was replaced by a rapprochement between Chad and Sudan, which ended in a peace agreement in January 2010. Both countries started disarming and expelling the respective rebel groups and their leaders. Chad began to integrate into the national army rebels from smaller ethnic groups who had defected when they lost Sudanese backing. President Idriss Déby successfully demanded the withdrawal of the U.N. mission MINURCAT from Chad, and refugee camps, settlements of internally displaced persons and international aid personnel now no longer have protection from U.N. troops (though MINURCAT’s record in security improvement is disputed).
Although the civilian opposition – which has been largely co-opted into government since 2008 – succeeded in advancing electoral preparations, the president keeps control of the process and has sidelined potential opponents.

In summary, Chad is nowhere close to being a liberal democracy with a socially responsible market economy.

History and Characteristics of Transformation

Chad took its first steps toward economic and political transformation more or less concurrently in the early 1990s. After a devastating civil war, the state and its institutions were reconstructed entirely by foreign funding in the mid-1980s.

Shortly after its independence from France in 1960, Chad plunged into civil war, with battle lines drawn roughly between the Muslim north and the Christian/Animist south. While this North–South conflict continues to define Chad’s political landscape, there are tensions within the major ethnic groups. Individual political leaders also play significant roles in violent conflicts.

With French und U.S. support, the government of Hissène Habré somewhat restored territorial integrity in 1987. Idriss Déby, an ethnic Zaghawa and Habré’s former army chief of staff, overthrew Habré in 1990 and promised political transformation. In 1993, a national conference led to a constitutional referendum. Ostensibly competitive presidential elections were held in 1996. Déby won the presidency under dubious conditions. Multiparty parliamentary elections in 1997 established the hegemony of his party, the Patriotic Salvation Movement (Mouvement patriotique du salut, MPS).

After 1990, various politico-military movements with guerrilla activities in peripheral regions challenged the central government’s power. A combination of repression, physical elimination of rebel leaders, concessions and co-optation, including numerous peace accords, brought these groups only partially under control.

The presidential and legislative elections of 2001 and 2002 – which were neither free nor fair – confirmed Déby and the MPS in power. In May 2004, members of the Zaghawa ethnic group, Déby’s principal power base, staged an attempted coup in response both to the government’s restraint in the Darfur crisis in neighboring Sudan and to Déby’s plans to change the constitution by a referendum in 2005 to allow him to stand for his hitherto unconstitutional third term. A wave of desertion in the highest military ranks weakened Déby’s regime and contributed to the creation of new and diverse rebellion groups operating from Sudanese territory with Sudanese support. In April 2006, a coalition of rebels launched a major attack on the capital, N’Djamena. Only French military support – and amateurism among the rebels – saved the regime from being overthrown. Nevertheless, Déby easily won the presidential elections in May 2006, which were boycotted by the opposition. Negotiations held in August 2007 under the auspices of the
European Union between the government and some opposition leaders – but no representatives of civil society – resulted in an agreement to reform the electoral process and postpone legislative elections until 2009. After further delays and a disputed census, Déby appointed the members of the Independent Electoral Commission in which representatives of the ruling MPS are overrepresented in June 2010. The legislative elections are scheduled for 13 February 2011 followed by presidential and municipal elections.

At the time of the most recent rapprochement between Khartoum and N’Djamena in January 2010, frequent attacks of armed rebel groups threatened the regime in Chad. Despite a peace agreement signed in Syrte (Libya) in October 2007 between four rebel groups and the government, a coalition of rebels – the Alliance Nationale – launched an almost victorious attack on the capital in February 2008. Thousands of inhabitants fled to Cameroon. Déby only managed to withstand the attack with the support of French troops based in Chad. He also used the opportunity to silence opposition and civil society. Rebel attacks and counter attacks followed, proving that Chad and Sudan used particular rebel groups for proxy wars. In the government reshuffles that followed, Déby used his usual tactic of co-opting opposition or individual leaders into government. Former rebel leaders and members of opposition parties were united under the Coordination of the Political Parties for the Defense of the Constitution (Coordination des partis politiques pour la défense de la constitution, CPDC).

In January 2009, a new coalition of Chadian rebels was formed – the Union of the Forces of Resistance (Union des Forces de la Résistance, UFR). The UFR united eight major rebel groups. President Déby’s nephew Timan Erdimi was elected its leader. As early as July 2009, Ahmat Hassaballa Soubiane left the UFR with his troops and joined the government forces. In May 2010, Mahamat Nouri broke with the UFR and formed his own coalition, the National Alliance for Democratic Change (Alliance nationale pour le changement démocratique, ANCD). A further splintering within the rebel community occurred when a second alliance, the National Movement for the People’s Salvation (Mouvement national de salut de peuple, MONASAP) was founded by former UFR members in June 2010.

On 15 January 2010, Chad and Sudan agreed to expel rebels from their territories and protect their shared border. Despite this rapprochement and a considerable reduction of Chadian armed rebels, there are still troops active in the border regions between Chad, Sudan and the Central African Republic. Some leaders were arrested in Chad but Déby granted amnesty on 11 January 2011 when the 50th anniversary of Chadian independence was celebrated.

The U.N. mission in eastern Chad has not been present since December 31, 2010. Primarily due to French pressure to stabilize Chad’s border with Sudan and to protect around 250,000 refugees from Darfur and 180,000 internally displaced persons, the U.N. Security Council adopted Resolution 1778 of 25 September 2007. This created a three-part U.N. mission in both Chad and the Central African Republic which consisted of assisting Chad’s judicial system in order to monitor the human rights situation and creating a new Chadian police and gendarmerie unit of 850 men, trained and monitored by the U.N. police. The European Union military EUFOR mission became operational by mid-March 2008 and was replaced by the U.N. mission
MINURCAT in March 2009. In January 2010, Chad asked the U.N. Security Council not to renew MINURCAT’s mandate, which was due to expire on 15 March 2010. After the adoption of Resolution 1923 on 25 May 2010, the U.N. withdrew all their forces and personnel in different phases by the end of 2010. Chad has claimed it can protect the refugees itself and has presented a tripartite security set-up comprising: i) mixed Chadian–Sudanese units to carry out joint border patrols, ii) mobile units of the Chadian army and the gendarmerie meant to secure the wider border region and iii) the U.N.-built and trained police unit, Integrated Security Detachment (Détachement Intègre de Sécurité, DIS), which is responsible for providing security in and around refugee camps and internally displaced persons’ sites. The international community raised concern about the efficacy of this set-up, pointing to the foremost aim of the mixed force – to monitor and hinder rebel movements across the border – when the camps’ security problem originates primarily from banditry and criminal activities. Moreover, the joint border patrol could have negative impacts on the security of civilians. In case of a deterioration of the security situation in Darfur, the presence of the joint border units could hinder refugees from leaving the conflict zone. Mobile ANT and gendarmerie units had previously been deployed in eastern Chad. Their impact on security and their capacity to fight banditry, however, has been rather limited. On the contrary, elements of the armed forces have frequently been involved in criminal raids, burglary, car jacking etc. Finally, it is pointed out that DIS depended heavily on MINURCAT’s logistical, technical and material support as well as monitoring and training. Thus, it is rather questionable if the DIS force will be able to continue to provide security.

Internal conflict precluded any steps toward a market economy until the Déby era. Starting from the bottom in practically every respect, Chad had to seek external assistance and successfully completed an Enhanced Structural Adjustment Facility (ESAF, 1996 – 1999) with the IMF. This set the stage for a Poverty Reduction and Growth Facility (PRGF, 2000 – 2003), which in turn – along with a Poverty Reduction Strategy Paper (PRSP) completed in June 2003 – was necessary to qualify Chad for access to the HIPC debt relief initiative. In November 2004, the IMF and the Chadian government agreed to a new PRGF for 2005 – 2007. Erratic performance by the Chadian government, however, led to the suspension of a tentatively planned 12-month extension of the PRGF (from February 2008). In June 2010, Chad presented the IMF with the second PRSP (2008 – 2011), which focuses on restoring security, improving governance, achieving a greater diversification of economy, strengthening institutional capacity, and promoting human development. Irregularities in the execution all these reforms – namely arms purchases and corruption – signal the government’s limited commitment to market economy reforms.

Hopes for substantial socioeconomic improvement with the beginning of the oil production in 2003 were short-lived. Chad received a substantial loan from the World Bank for the construction of the pipeline, and agreed to certain conditions (investment of the revenues in education, development and health; 10% would be paid into an account for future generations and 10% would be at the government’s disposal) but in 2005, Chad unilaterally changed the law in order to freely use the royalties. In September 2008, Chad paid back its World Bank loan and
since that time is no longer bound by external conditions. Chad openly buys weapons with oil revenues (12% of the budget). The World Bank reopened its office only partially in 2009. A Chinese–Chadian consortium started the construction of an oil refinery and Chinese funding has enabled the start of ambitious road network developments designed to link together some provincial towns. Chad replaced its former dependence on agrarian commodities, particularly cotton and cattle, by oil revenues.
The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

**Transformation Status**

I. Political Transformation

1 | Stateness

The state’s monopoly on the use of force with regard to the internal armed conflict improved during the period under review. Rebel attacks largely abated due to two factors: i) the rapprochement between Chad and Sudan that resulted in a lack of backing for and a severe weakening of rebel groups and ii) enhanced armament of the Chadian army. While in 2009 several substantial clashes between the Chadian army and rebel groups were reported, only two minor rebel attacks in eastern Chad were accounted for in 2010. However, assaults by armed bandits including armed robbery, burglary, car jacking and kidnappings continued to imperil the security of civilians as well as humanitarian workers in the border region. Furthermore, ongoing cases of violence against women and recruitment of child soldiers in and around refugee camps and internally displaced persons sites were reported as well as attacks against returnees, unlawful killings and livestock theft in the areas to which around 40,000 internally displaced persons have returned as of 2010. The presence of MINURCAT troops until the end of 2010 only occasionally compensated for the absence of national security forces. The state continues to neglect its responsibility to effectively protect its citizens.

Citizenship and access to citizenship are not politically relevant issues despite the country’s ethnic and religious diversity. Apart from administrative shortcomings, especially in border regions, there are few problems in defining citizenship and who qualifies as a citizen. All citizens formally have the same civil rights and identify themselves with the state, but only a minority align themselves with its leadership.

However, distribution of power, structure of power relations and access to economic power increasingly follow ethnic and religious lines. Preferential treatment is primarily given to members of the ruling clan, then to other “Northerners” and Muslims. Christians and people practicing traditional African religion (Animist) encounter discrimination, although they can work as civil
servants or in government in secondary roles. The current prime minister is from the south – following the unwritten rule of representing North and South in the two highest positions of the state. The legitimacy of the nation-state and its borders are not questioned, but a fundamental sense of solidarity is absent.

Following the French example, the secular constitution guarantees the separation of church and state. Muslims (about 55% of the population) dominate the government and are overrepresented as government officials. Religious extremists command little political influence so far. However, religious ideas have some influence on societal issues such as the role of women. Reports of al-Qaeda activities in Chad remain vague. It is believed that the network recruits in Chad and it has been speculated that al-Qaeda-related groups are involved in illegal trade activities in the north, but there have been no attacks in the country so far. Nevertheless, al-Qaeda’s influence in the whole region needs to be watched closely.

State representatives enforcing law are found in principle locations, but it would be misleading to talk about the provision of state services everywhere, as administration functions poorly and is highly inclined to corruption at the expense of the local population (e.g., concerning the payment of pensions).

Communication, transport and basic infrastructure are only provided in the capital and increasingly in provincial towns like Abeche. The south and the oil-producing regions are neglected. Schooling is often provided, yet run and paid for by parents themselves. Health service is poorly provided. Only 9% of the population has access to improved sanitation facilities and 50% to an improved water source.

2 | Political Participation

Universal suffrage, the right to campaign for office and democratic elections exist on paper but not in practice. Violations of the principles of free and fair elections have so far marred elections. Furthermore, legislative elections, which were already due in 2006, have been postponed several times since then. An agreement between the ruling party and the opposition parties under the auspices of the EU was reached in 2007 that emphasized the need for electoral reform, the composition of an independent electoral commission and a revised census. Legislative and presidential elections as well as municipal polls are scheduled for 2011. The weak and divided opposition is almost nonexistent and has no means for campaigning outside the capital due to lack of finances and access to media. The president controls access to patronage.

While democratically elected in formal terms only, the current government has, for the most part, the effective power to govern. Chad’s government emerged from the ranks of the armed forces. The security apparatus is not under civilian control and
remains something of a veto actor. The president, as the commander-in-chief of the army, is the de facto decision maker. Repeated dissolutions of parliament as well as military reshuffles have also strengthened his power.

Citizens are allowed to form independent political and civic groups and assemble relatively freely. They use this right especially for social activities, but again, lack of resources and funding hinder efficiency and effective nationwide actions.

Assemblies or protests critical of the government were repeatedly forbidden, including demonstrations against the abuse of women and girls or concerning poor living conditions.

Chad’s constitution allows for freedom of expression. Private newspapers are only available in N’Djamena and seldom reach the rural population, which relies mainly on radio broadcasting. The High Council of Communication is considered to be influenced by the government and is responsible for granting licenses. The only television station is state-owned.

During 2009, journalists repeatedly faced harassment and arrest for expressing criticism of the government or the president. The editor of the journal “La Voix du Tchad”, Innocent Ebode, was expelled to his country of origin, Cameroon, in October 2009. After his return, he was abducted in Chad and later released in Cameroon. In June 2010, parliament refused the adoption of a restrictive press law, which was to replace the decree imposed under the state of emergency by the president in 2008. In August 2010, a slightly more liberal law was adopted, which abolished prison sentences for media-related offences. However, it still allows the suspension of publications.

Chad ranked 168 out of 196 countries and was labeled “not free” in Freedom House’s Global Press Freedom survey 2010.

3 | Rule of Law

De jure the separation of powers exists but is weak. The president appoints the prime minister, the members of the constitutional court, the Supreme Court and other bodies. Since the constitutional amendment in 2005, he can run for presidency for an unlimited period. There is no real separation of powers and no efficient system of checks and balances. Transformation and reforms are hindered by the dominance of the executive branch as well as by the lack of an independent and efficient judiciary. The ruling party controls the legislative, because the president’s party maintains its hegemony and controls parliament. The repeated delays of the elections further strengthened the control of the ruling party and the president over parliament.
Opposition is weak and co-opted into government. The president prevents internal opposition through repeated cabinet reshuffles.

The judiciary is institutionally differentiated in formal terms but its decisions and doctrine subordinate to the government. It is vulnerable to executive intervention, lacks adequate resources and is fraught with corruption. Judges acting independently face severe intimidation. Government officials, other influential persons and especially members of the ruling clan often enjoy impunity. Generally, the citizens avoid addressing the courts.

Corrupt officeholders seldom attract adverse publicity from civil society, the media or opposition parties, and they are not prosecuted adequately under the law. On rare occasions, and often as a pretext to marginalize political rivals, officials suspected of corruption are dismissed. At the end of 2009 the public disclosure of a severe case of corruption in the education ministry has to be read in this sense. The ministers of education and finances as well as other officials were dismissed and charged with corruption.

Corruption has become institutionalized on all levels. This is a huge burden in the everyday life of citizens for instance when they need to refer to administrative services or seek to get their rights. Corruption extends beyond paying small bribes in order to pass police or traffic controls surely. It’s common, for instance, for a mobile customs unit to unlawfully confiscate a bike or motorcycle, or for the government to expropriate a house.

Civil rights are guaranteed by the constitution. Equality of men and women is emphasized, propaganda on ethnic, tribal, regional or religious terms forbidden. The state is based on laicism. De facto however, civil rights exist on paper only. This is due in part to the lack of a complete nationwide monopoly of power, to the abuse of force, and to the lack of political will and judicial control.

Women’s rights are under severe threat; cases of abuse or domestic violence are rarely pursued, as women have nowhere to turn for shelter if they accuse members of their own family. In and around the refugee camps and internally displaced persons sites in eastern Chad cases of rape were reported.

4 | Stability of Democratic Institutions

Democratic institutions exist at national, regional and local level but their scope for action is very limited as they depend on the president and the ruling party’s will. Little is known about the working of the inner power structures. Parliament and the executive branch seem to be functional, but the administrative system and the judiciary work quite poorly due to lack of capacity, political appointments and interventions from the executive. As the public service offers one of the few means
to gain a safe income, it could be called a nationwide patronage system. As long as the ruling clan shows no interest in democratic development, no change can be expected in the future.

In a formalistic sense all relevant political actors and civil society inside the country accept the democratic institutions and structures. Nevertheless, the government frequently overrides democratic rules and procedures. As mentioned above, major parts of the opposition are co-opted into the government and are either not interested in democratic norms or too weak to do anything about breaches. Civil society and Catholic Church leaders tend to raise critical voices, but given the dominance of the ruling regime and the shortcomings of the judiciary, it has no means to prosecute compliance with democratic standards.

Opposition outside the country – namely leaders of the military opposition – show little esteem for democratic institutions. Some of them have belonged to the inner power circle of the Déby clan.

So far no group has called for a boycott of the forthcoming elections in 2011 and all political parties have expressed their will to participate in the elections and to stick to a code of conduct.

5 | Political and Social Integration

Although there are many political parties (the Chadian press mentioned 130 political parties in the run-up to the elections), the only one which is socially rooted – though not in all social and ethnic strata – is the ruling MPS which holds a hegemonic position in an unbalanced party system. It runs offices all over the country. Members of the MPS can gain access to state resources or contracts. The opposition parties have been weaker than ever since 2008 and most of their leaders have been co-opted into government. They suffer from lack of organization and funding. Some of them have strong personality-based and ethno-regional roots, others are considered pseudo-opposition parties created with government support. Due to lack of public funding their public appearance is weak and mainly limited to the capital and – if they have one – a regional stronghold. Limited resources render campaigning almost impossible.

The topography of interest groups is meager. The interests of the rural population, vulnerable groups and women are underrepresented or even abused by institutionalized pseudo-representation.

The constitution and labor code permit the foundation and membership of trade unions. They are organized under three umbrella unions. The biggest one, the Syndicate of Trade Unions of Chad (Union Syndicale du Tchad, UST) represents 30 trade unions and associations. The authorities repeatedly try to weaken and threaten
them. Michael Barka, the president of the UST, was attacked and threatened by unknown persons in October 2009. The unions organized a few strikes during the period under review in order to fight for higher wages and against price rises. Both multinational and national enterprises in the oil industry show little interest in dialogue with community-based organizations.

Given the lack of representative survey data, we cannot adequately evaluate the population’s attitudes toward democracy in general or as regards individual institutions. However, a survey conducted in 2004 in four major Chadian cities by the Arnold Bergstraesser Institute, points to relatively high consent to the idea of liberal democracy, despite the authoritarian character of the regime. It found that 60% of the respondents had overwhelmingly democratic attitudes, 33% held partially undemocratic and 7% undemocratic views. According to the study, public dissatisfaction with government policies is high. Only 36% agreed that the “government would do the right thing.”

In the likely event of low voter turnout in the 2011 elections, this should not be interpreted as disapproval of democratic norms but as discontent with the ruling elite and concern about the lack of real alternatives.

Social self-organization and the creation of social capital do exist. Some 20,000 cooperative groupings operate in the country but are mainly concentrated at village or district level. “Parents Associations” employ 60% of the teachers in Chad and play an important role. However, Chad’s long history of violent intercultural conflicts means that there is very little trust among the population and intercultural tensions persist.

II. Economic Transformation

6 | Level of Socioeconomic Development

Chad is one of the least developed countries in the world, ranking 163 (out of 169) in the 2010 UNDP HDI. Almost all relevant indicators point to severe problems: 83% of the population lives below a poverty line of $2 per day; in the 2010 Global Hunger Index, Chad ranks four places from the bottom of the list; the Gini coefficient of 39.8 in 2003 shows the unequal distribution of income. As oil revenues have not been directed at reducing poverty, it is expected that poverty has risen once more, but there are no data available. Poverty is primarily concentrated in rural areas, where 87% of the country’s poor live.
The level of socioeconomic exclusion based on gender is also high: The literacy rate in Chad stalls at 44% for men and 22% for women (average: 33%); the ratio of female to male enrollment in private and public schools is 70% for primary, 45% for secondary and 15% for tertiary education.

Generally, Chad lacks the socioeconomic prerequisites for adequate freedom of choice. The slight growth rate is due to oil revenues, which benefit only a small part of the population. Social marginalization is structurally entrenched, and both qualitatively and quantitatively extensive.

<table>
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<th>2007</th>
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<td>Unemployment %</td>
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<td>Import growth %</td>
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<td>Current account balance $ mn.</td>
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<td>GDP growth %</td>
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<td>Import growth %</td>
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7 | Organization of the Market and Competition

Chad’s institutional framework for a market economy is weak and inconsistent. According to the Index of Economic Freedom 2011, Chad ranks 165 out of 179 countries (“repressed”), comes last of all countries in the World Economic Forum’s Global Competitiveness Index (GCI) 2010/2011 and the World Bank’s 2010 Doing Business report. Market competition operates under a very weak institutional framework. The development of market competition is hindered by a strong informal sector; dependence on subsistence agriculture, herding and fishing from which approximately 70% of the population live; poorly functioning public institutions; insufficient venture capital; an extreme regulatory environment combined with widespread corruption, and deficient rule of law.

Chad is member of the Central African Economic and Monetary Union (Communauté Economique des Etats de l’Afrique Centrale, CEMAC), whose six member states share a common central bank and a common currency pegged to the euro (see “regional cooperation”).

The government regulates the formation of monopolies and oligopolies inconsistently. It owns the only water and electricity company. In November 2010, Libya bought a 60% stake in the Chadian parastatal telecommunication provider. Privatization is still insufficient. The state-owned enterprise CotonTchad continues to hold a monopoly on the marketing of cotton, which is the principal export commodity after oil and cattle.

An international consortium made up of ExxonMobile (or its affiliate EssoChad), Petronas and ChevronTexaco and the Chinese National Petroleum Corporation dominate the oil sector, which is the main source of income for the state.

Chad allows foreign ownership and provides equal treatment to foreign investors. However, it takes almost twice as long as the world average to start a business and on average 101 days to import goods into the country. Import and export costs are very high despite Chad’s dependence on imported goods. Because of its landlocked location, most imports and exports use the few roads, which are not navigable throughout the entire year as few are paved. On top of the infrastructural restraints, roadblocks, corruption and a cumbersome bureaucracy hinder trade. The oil, which is currently the most profitable sector of the Chadian economy, passes via pipeline to neighboring Cameroon. Due to oil exports, the country’s trade balance shows a considerable surplus.

The legal underpinnings of the banking system and capital market exist under the supervision and control of the Bank of Central African States (Banque des Etats de l’Afrique Centrale, BEAC). Banking privatization has been completed, and there
are five commercial banks, but they offer scant opportunities for domestic investors. Difficult access to credit and its high cost hinder private-sector development. Small enterprises and individuals rely mainly on self-financing or mutual aid systems.

8 | Currency and Price Stability

As a member of the CFA franc zone, Chad cannot pursue an independent policy on inflation, currency and foreign exchange rates. Previously pegged to the French franc, the currency is now pegged to the euro, and the BEAC is fully independent. The bank prioritizes the control of inflation and the maintenance of the CFA franc’s peg to the euro.

Inflation remained at 10% during 2009 and is estimated to have been reduced to a deflation of 1% in 2010 due to improved agricultural production in Chad and public works spending by the government.

Macroeconomic figures show a slight stabilization concerning public and external debt, but this should not be overrated. Government tended to overestimate oil revenues while budgeting. An IMF evaluation in 2010 concluded that little progress had been made in improving the sustainability of the fiscal position and the quality of government expenditure. During the period under review, royalties increased as a result of high world-market prices for oil. This points to the volatility of Chad’s economy, which relies heavily on the oil sector. Government had to revise its budget repeatedly. The draft budget for 2011 shows a small deficit of $180 million, which might be financed by soft loans from China and Libya. Military spending has been reduced after high investments in 2008 and 2009.

9 | Private Property

Property rights are adequately defined by law, but their protection and enforcement are weak. Disputes are often resolved privately because of the widespread corruption of the courts. Bureaucratic obstacles to buying or selling property are high: It takes 44 days and six procedures on average. Chad ranks 121 out of 125 countries in the 2010 International Property Rights Index.

Private companies can, in principle, operate freely, but they encounter general socioeconomic, institutional and political barriers to development. Investment is inhibited by inadequate infrastructure and lack of technical expertise, burdensome taxes, underdeveloped markets and corruption. Employment and suspension of staff is costly and complicated. The privatization of state enterprises has made only sluggish progress. State companies offer valuable opportunities for patronage and corruption. While the oil sector has avoided dependence on one company, the para-
state enterprise CotonTchad still dominates the important cotton sector. The state also retains control of the water and electricity providers.

10 | Welfare Regime

Chad lacks public social safety nets for the majority of its population, with the exception of a small group of government, military and parastatal employees. Access to positions in these sectors is, however, subject to patronage. The majority of the population relies entirely on the prominent informal sector and ethnic, clan and family structures to survive.

Health infrastructure and services are poorly developed, especially in rural areas: Government expenditure on health was 2.7% of GDP in 2007. Life expectancy is 49 years. Where health facilities exist, the comparatively high costs of health care services and drugs often hinder necessary treatment. Only limited progress has been made with regard to free antiretroviral medication for persons living with HIV/AIDS. The second PRSP (2008 – 2011) envisages the development of a national social welfare policy. It remains to be seen if the government is really committed to its elaboration and implementation.

Legal equality and non-discrimination on ethnic, religious or gender grounds are enshrined in the constitution and yet have no relevance in everyday life. Chadian society is highly stratified, and members of ethnic groups close to the ruling Déby clan enjoy distinct advantages over people from southern ethnic groups. Equality of opportunity does not exist. A woefully inadequate education sector cannot function as a compensatory institution. Women lack adequate access to public office and educational institutions, as shown by the low percentage of women in parliament and a poor GDI rating (149 out of 155 countries in 2009). Violence against women is common.

11 | Economic Performance

Structural deficiencies and the mentality of a rentier state characterize Chad as one of the least developed and most vulnerable economies in the world, despite its status as an oil-producer. GDP growth rose 1.6% between 2001 and 2009, with a GDP per capita based on PPP of $1,347 in 2009. For 2009 and 2010, the Economist Intelligence Unit estimated GDP growth at 6.9% in both years. The origins of the GDP were industry (43%), services (34%) and agriculture (23%). Oil is the principal export good, followed by cattle and cotton. The United States is the most important export partner, and buys 70% of the oil produced by the country. Chinese oil companies are still in construction phases in the oil fields south and north of the capital. Apart from the oil sector, the contribution to economic growth from small
industry (soap, cigarettes, sugar, textiles) remains limited. An estimated 80% of the population lives on the agricultural sector. The cereal harvests were below average during period under review and led to high consumer prices and a severe food crisis in western and central parts of the country in 2010. Good rainfalls during the last rainy season raised expectations for a good harvest in the next season. The expenditure on the public-sector payroll doubled between 2001 and 2008 and is expected to continue, as elections will take place in 2011. Inflation developed from 10% in 2009 to an estimated deflation of 1% in 2010 as consumer prices dropped. Infrastructure, especially road works linking the capital with Abeche, and defense, are the biggest allocations in the 2011 budget and will cause a budget deficit. Repeated revisions of the budget are expected, as in previous years.

Relations with the IMF remain strained following recent Article IV consultations in which the IMF expressed concern about the direction, efficiency and management of public spending.

12 | Sustainability

Ecologically sustainable growth is not an important issue. Chad ranked 151 out of 163 countries in the 2010 Environmental Performance Index. Some groups of the rural population preserve a traditional awareness of nature; some ecologically sensitive policies have been introduced in connection with oil-production in the Doba region. However, pollution in the oil-producing region is serious; the land is no longer suitable for agriculture. Moreover, the Chinese National Petroleum Corporation is constructing a 20,000-barrel-per-day refinery north of N’Djamena, which is expected to start production in June 2011. Explorations for further oil production are in progress in the Bongor Basin. No environmental impact assessment relating to these projects has ever been carried out. It is feared that Lake Chad, the country’s primary source of water, might be affected. Similarly, uranium prospecting undertaken by different international companies in Mayo-Kebbi should be followed closely, including its subsequent impact on the environment.

Chad has yet to find effective means of countering the key ecological problem of environmental degradation caused by deforestation and charcoaling. A ban on charcoal in the capital in January 2009 caused corruption and high prices for the population’s only means to cook and get hot water. The use of plastic bags was forbidden in N’Djamena in 2010. Both bans are rather isolated measures that lack a coherent frame for environment protection and are unlikely to contribute to solving major environmental challenges, like the sinking level of Lake Chad. In October 2010 representatives of the five member states of the Lake Chad Basin Commission met in N’Djamena to discuss water transfers into the lake.
The entire education system has suffered heavily from lack of investment over long periods and in a civil war which rendered education impossible and destroyed educational infrastructure. By law, primary education is free of charge. In practice, however, parents are obliged to pay tuitions to public schools and to buy textbooks, school uniforms etc. Schooling is provided by the state, by parents – who finance almost half of teachers and schools, especially in the rural areas, – and by Muslim and Christian institutions. Despite international efforts and investments of oil revenues, Chad continues to show a poor record. Although the latest data on government expenditures on education is not available, other relevant indicators such as the illiteracy rate (67%) indicate an even lower educational level and training and R&D institutions that do not function adequately. According to the Economist Intelligence Unit, in 2011 the government is prepared to spend 28% more on education than planned in the original budget and wants to employ more teachers.
Transformation Management

I. Level of Difficulty

The structural constraints preventing a successful political and economic transformation are extremely high. Although poor governance is at the root of some problems, there are also a number of massive structural constraints on governance. The most formidable constraints are extreme poverty, a highly deficient infrastructure in a landlocked country (infrastructure investments were only made in the capital and Abeche in 2009/10; electricity supply has been a major problem for many years), adverse climatic conditions (environmental degradation, erratic rainfalls, sporadic droughts and flooding) and scant human resources (see “education policy”). The presence in the east of almost 260,000 refugees who fled the Darfur conflict, in the south of approximately 96,000 refugees who escaped internal conflict in the Central African Republic, and in the south-east of 180,000 internally displaced persons add to the desperate socioeconomic situation. The advent of substantial oil production in 2003 has not eased the transformation, but recent developments in the oil sector justify the view that oil may already be a “resource curse” – and uranium may join it, as several international companies hold prospecting licenses. The petroleum revenue management system brokered with the World Bank has failed, and revenues have been used for armament and selected infrastructure. Living conditions for the inhabitants of the southern oil-producing regions, which were part of the World Bank project, have become more difficult due to pollution and rising prices. No revenue management system has been established for these oil fields, which are exploited by Chinese companies. Chinese cooperation is only accountable to the president.

Traditions of civil society are nonexistent. Although there was a recent increase in NGO activity as a result of international advocacy work and financing in connection with oil production and the conflicts between farmers and pastoral groups, this frail civil society could not build on substantial traditions. The number of Chadians active in civil society is limited; they are often exposed to government harassment. The landscape of voluntary organizations is still sparse and plagued by scarce organizational resources. International visibility is limited. Exceptions are the already mentioned parents’ associations, which are quite active, especially in the rural areas. A survey conducted by the Arnold Bergstraesser Institute showed...
that trust in institutions is low and social trust limited to a small circle of family and friends. There is no civic culture of moderate participation in public life.

The lack of social trust is primarily the result of a society divided along ethnic and religious lines. Years of civil war, ending in 1982, have been followed by ongoing violent conflicts. Society and the political elite are deeply split into ethnic and religious communities. Attacking rebel groups are divided in the same way, and have been reduced during the period under review due to the military strength of the Chadian army and to the peace agreement between the governments of Chad and Sudan in January 2010. The two countries used to lead proxy wars using the rebels groups of the opposing country. So far this accord is the first of many to appear to be lasting. Before 2010, frequently regrouped rebel alliances were a constant threat for the government. In February 2008 Déby only managed to repel the Alliance Nationale with the support of the French troops based in Chad. In 2009 southern Chad endured a short-lived resumption of fighting by the Movement for Peace, Reconstruction and Development (Mouvement pour la Paix, la Reconstruction et le Développement, MPRD) under the leadership of Djibrine Dassert, a former companion of Déby, who rebelled in 2005. According to rumors the southern rebels, like their eastern colleagues, received backing and weapons from Sudan. The MPRD, which is based around the Niellim mountains north of Sahr (Moyen Chari), has been involved in several battles with ANT troops since June 2009. In January 2010 Dassert was arrested in battle and imprisoned in N’Djamena. Together with other rebel leaders he was granted clemency on the 50th anniversary of Chad’s independence in January 2011. Though the situation in eastern and southern Chad is under control and despite the repatriation of rebels and the expulsion of their leaders from Sudan, fighting could restart, as there are still armed rebel groups who are thought to wander around the eastern border region and in the northern Central African Republic.

Intercommunal violence between nomadic herders and sedentary groups is frequent, and is sometimes tolerated or even encouraged by the authorities.

II. Management Performance

14 | Steering Capability

The political leadership’s commitment to democracy and a socially responsible market economy is very limited, if it exists at all. The government’s main strategic interest lies in maintaining power. Déby and his entourage maintain this strategic priority over periods of national and international crisis. However, the Darfur
conflict cut ties and brought open conflict with Sudan, worsened security in the border region, and resulted in many defections from within Déby’s support base. Given the questionable loyalty of his entourage, Déby uses cabinet reshuffles and purges in the security apparatus to prevent potential rivals from developing bases of power. Déby has continued the use of repression, co-optation and partial peace agreements to undermine the cohesion of opposition parties and former rebel leaders. To warrant the support of the international community, above all French political and military support, Déby successfully presents himself as a safeguard of stability at a regional level. He uses international competition for oil, the threat of religious extremism in the Sahel and the fear of chaos should his regime be overthrown as trump cards in the geopolitical power game which will decide on his personal future and the prospects of Chad.

The government achieves transformation reforms partially at best and consistently fails to implement them fully. Reform policies are generally confined to macroeconomic conditions and the management of the oil sector. Before 2006, these policies were advocated by the outside world, especially the IMF and the World Bank. Growing Chinese investment partially facilitated Chad’s withdrawal from international imposed warranties.

The World Bank reopened its office in Chad in 2009 after relations had been frozen by disagreements over oil revenue management; the World Bank states the need to strengthen governance and public financial management, improving access to key social services and improving regional integration.

Chad’s second Poverty Reduction and Strategic Growth Paper (2008 – 2011) focuses on the restoration of security, the improvement of governance, the diversification of the economy, and the promotion of human development. The IMF expressed concern during its 2010 Article IV Consultation regarding Chad’s management of public spending and its dependence on oil revenues. In 2009 the non-oil primary deficit reached 28%.

The political leadership shows little flexibility in learning with regard to the goals of constitutional democracy and – to a somewhat lesser extent – a market economy. Flexibility and learning is mainly confined to maintaining power. The authoritarian character of the regime has tightened during the period under review.

Elections were repeatedly postponed and are scheduled for 2011, beginning with the legislative in February.

Following budget deficits and unfavorable economic developments in 2009 and 2010, Chad turned to the IMF and the World Bank in an effort to improve relations.
15 | Resource Efficiency

The government’s use of available resources is efficient only in some cases and aims only partially at transformation. Reliable information on government finances is missing. According to the 2010 Open Budget Survey, Chad scored zero points out of a maximum of 100 for openness in government finances. To some extent, government officials consume state resources themselves. Political appointments should mainly be regarded as co-optation. The expected raise in public-sector salaries is linked to the forthcoming elections. At the cabinet level, politically motivated dismissals and appointments are frequent. In 2010 cabinet was reshuffled several times. The number of members of the cabinet was augmented by a few ministerial secretaries and is currently at 40. Civil servants in the ministries make up a large part of the civil service. In August 2010 the National Assembly voted to increase the number of the members of parliament from 155 to 188 due to population growth. The densely populated, mainly Christian south will receive 71 members of parliament, the sparsely populated, predominantly Muslim north, 117.

The IMF has judged the interim petroleum revenue management mechanism positively. The government set it up in order to gain acceptance from an international scheme promoting transparency in poor countries’ mining sectors – the Extractive Industries Transparency Initiative (EITI). Commitment to EITI is another strategic move by the Chadian government to improve relations with the IMF and the World Bank.

Conflicting objectives within the government are scarcely coordinated and ministers tend to compete among themselves. Given the autocratic structure of the Chadian regime, the dominance of the president, and the use of appointments to co-opt rivals, policy is not made through debates or negotiations but is subject to the decision of the president. Coherence exists only in the sense that all policy serves the interests of the ruling clan. Shifts in political direction are frequent, demonstrated, for example, by the restoration of diplomatic ties with China in 2005, or the government decision not to extend MINURCAT’s mandate in 2010.

Diversion of funds is an extremely severe problem in Chad. State resources are distributed via patronage networks and corruption is a fundamental characteristic of the political system. According to international observers such as the Economist Intelligence Unit and the World Economic Forum (WEF), corruption is rampant at all levels. The government has introduced some mechanisms to curb malpractice, such as a special ethics ministry and an oil management regime, but they fail to function properly. A culture of impunity hinders effective handling of corruption.

At the beginning of 2010 a number of former top officials (the education minister, general secretary of the government, deputy finance minister) were charged with
graft in a case relating to bribery over the purchase of (nonexistent) school textbooks worth up to $4.3 million. The former mayor of N’Djamena was also accused of corruption and replaced by the first female officeholder in this position. Observers speculate that the dismissals and charges have to be seen as a means of marginalizing political rivals and signaling a commitment to good governance ahead of elections. At the end of December 2010 the president of the independent electoral commission was dismissed with charges of voter-list fraud — both opposition parties and the MPS agreed on the decision.

16 | Consensus-Building

The Chadian political leadership is not pursuing democratic transformation and it is pursuing economic transformation — under donor pressure — only partially. The leadership has failed to establish a broad consensus on reform with other key actors in Chadian society.

It is highly questionable whether key political actors want to build democracy and a market-based economy. Both the government and opposition claim to pursue such goals in their rhetoric. Leaders of the opposition parties in parliament, some civil society actors, and all other significant actors have readily resorted to undemocratic activities. The only credible opposition leader was Ibni Oumar Mahamat Saleh, general secretary of the Liberties and Development Party (Parti pour les libertés et le développement, PLD) and spokesman of the CDPC who was killed after his arrest in February 2008. The majority of CDPC members were co-opted into the government. The CDPC and its deputy speaker, Saleh Kebzaboh, tried to regain some credibility by criticizing the poor preparations for the forthcoming elections (irregularities during voter registration, incorrect voter lists etc.) and filed an action against the leader of the independent electoral commission.

Internal political opposition is almost nonexistent. As for economic reforms, there is broad consensus that dramatic changes must take place, but there are serious doubts about both the government and the opposition’s willingness to prioritize development over narrow political ambitions.

The government itself is the main anti-democratic veto actor. At the moment it is impossible to name true reformers. The control of extra-governmental anti-democratic veto actors such as politico-military movements and the armed forces has grown during the period of assessment.

Because ideological conflicts are largely absent, the government often manages to conclude peace agreements with some of the different politico-military movements. Yet these agreements, which involve the integration of combatants into government forces and the assignment of government positions to their leaders, often fall apart
because of internal friction within rebel groups, the lack of government resources and the government’s unwillingness to share power. Contrary to previous peace agreements with rebel groups, Déby did not offer any political assignments to rebel leaders after the 2010 peace agreement with Sudan. This is interpreted as a sign of his current strong position.

The government and the churches frequently call for national reconciliation among the various communities within Chad. While the government lacks political will to enhance conflict resolution, exploits the divided nature of Chadian society to achieve its goals, ignores demands of CSOs for an inclusive national dialogue and pays only lip service to national reconciliation, both Islamic and Christian faith organizations lack the influence to push for political action. As a result, divisions within society have not been reduced and the personality-based and ethno-regional cleavages described above have not been bridged.

Besides the provision of security in the regions where refugee camps and internally displaced persons sites are located, the U.N.-mission MINURCAT, which replaced the EUFOR troops in eastern Chad, was also mandated to support local authority initiatives to resolve local tensions and promote reconciliation efforts. In fact, MINURCAT even managed to foster dialogue between conflicting groups in some regions. However, interventions remained sporadic and lacked a coherent medium- to long-term framework for sustainable conflict mediation. The mission came to an end because Déby criticized its efficiency and asked the UN not to extend its mandate.

The role of the president’s blood relations in the political system decreased as several relatives left the inner circle of power—notably the Erdimi brothers, who are nephews of Déby. On the other hand, the president has changed his name to Déby-Itno—proof that he is still trying to win loyalty from his grandfather’s Zaghawa clan. Other ethnic groups from the north feel increasingly excluded from the inner power circle.

The opposition recently gained some ground by nominating members of the independent electoral commission in July 2010, but it remains too weak to influence the government.

Chad’s political leadership largely fails to promote—and in part destroys—social capital. The government frequently ignores civil society actors, preferring to formulate policies autonomously. Efforts to include civil society actors, as with the formulation of the PRSP and the World Bank’s Interim Strategy Note for 2010–2012 (ISN), are the result of external pressure. Civil society actors protesting against the effects of oil production and the slow implementation of the management regime have on occasion been subject to harassment and death threats. Civil society actors are often exploited as “claqueurs” for the Déby regime, which
was impressively demonstrated on 11 January 2011 during the celebrations for the 50th anniversary of Chadian independence.

On the 50th anniversary of Chadian independence Déby pardoned and gave amnesty to former rebel leaders of the Union of Forces for Democracy and Development (Union des forces pour la démocratie et le développement, UFDD) who were arrested on arrival in Chad in November 2010. Other leaders who were sentenced to death in absentia in August 2008 for trying to overthrow the regime were also pardoned. The government released a further 370 or so detainees who had been arrested during or after the rebel attacks on N’Djamena and Am Dam in 2008.

However, no real emphasis is laid on coming to terms with the crimes, traumas and memories of either the ongoing internal conflict or the years of civil war that preceded Déby’s regime. Former President Hissène Habré has been accused of crimes against humanity during his rule but the legal proceedings against him are still on hold in Senegal. Furthermore, there have been no investigations probing and prosecuting human rights violations and war crimes committed by Chadian security forces and rebel groups alike during the current internal conflict.

Some Chadian artists who live abroad explore the subject of war and internal conflict with the support of foreign funding, most prominent among them the director Mahamat Saleh Haroun.

17 | International Cooperation

Subject to considerable limitations, the government is willing to cooperate with external supporters and actors. Despite its substantial oil production post-2003, Chad’s choice in accepting or refusing international cooperation is limited. Cooperation comes more readily in the economic arena than in the political. This is, however, in part due to the absence of strong external political conditionality and to rather weak levels of coherence and cooperation among the external partners who operate in Chad, and who frequently have competitive or even antagonistic ambitions (France, Europe, United State, China, Sudan, Saudi Arabia, Libya). Relations with the IMF and especially the World Bank have been difficult, as Chad did not respect the agreements on the use of oil revenues for poverty reduction. Following the suspension of cooperation with Chad in 2008, the World Bank has partially reopened its office in 2009. The World Bank is preparing a new ISN which covers its engagement in Chad from mid-2010 to mid-2012. It seeks a dialogue with state and non-state actors. Leverage lies in strengthening public financial management systems, improving the provisions of key social services (education, health, water), diversifying the economy, addressing the needs of the rural poor, and
improving regional connectivity through transport and infrastructure. The current World Bank portfolio in Chad represents a total of $165 million in commitments.

Chad’s commitment to implementing the second PRSP seems to be higher than for the first PRSP, although considering the experiences of the past it is not likely that the government will stick rigidly to its poverty reduction strategy.

The government tries to act as a credible international partner, but its reputation has not improved. Political and economic interests keep France, the European Union and the United States from pushing strongly for democratic reform. In view of Chinese oil interests and the tense situation before the referendum in southern Sudan, international actors preferred the status quo to disruptive demands for change. In terms of political reform, the government is only trusted by France, which keeps more than 1,000 troops in Chad at its only military base in Central Africa. France saved the regime from being overthrown in April 2006 and February 2008 by providing intelligence support and defending the airport against rebel forces. Despite this, Chad asked France for financial compensation to maintain the military base in N’Djamena, which was established in 1986. It is not clear yet if France will keep the base or move it to another country.

Chad’s record in relations with neighboring countries is mixed. In principle, Chad’s political actors cooperate with neighboring states and usually comply with the rules set by regional and international organizations such as CEMAC and the AU. However, the government does not always act reliably. Generally, friction arose because of Chad’s cross-border engagement in supporting rebel movements or making direct military interventions. In late November 2010 Chadian military units crossed into the Central African Republic, claiming their right to pursue retreating rebel groups, and attacked the positions of the Central African rebels of the Patriotic Convention for Justice and Peace (Convention des patriotes pour la justice et la paix, CPJP) in Birao with tanks and helicopters. The CPJP had taken Birao some days beforehand, supported by fighters formerly belonging to Chadian rebel movements. The Chadian army attack ousted the CPJP – supposedly in accordance with the Central African government. The close ties between Déby and the Central African president Bozizé are well known. Bozizé came to power with Chadian military assistance and Chad continues to supply members of Bozizé’s presidential guard. Relations with Sudan used to be tense over the Darfur crisis and the mutual support of rebel groups across borders, but seem to have stabilized since the peace accord in January 2010 and the agreement to evict rebels from Chad and Sudan. However, the past has shown that political alliances can change rapidly.
Strategic Outlook

Chad faces severe ongoing political and socioeconomic challenges which so far have not reduced despite the fact the new flow of oil revenue. On the contrary, the gap between rich and poor has widened. The rural population lives under especially severe strain. So far Chad’s political system has not met the minimum requirements for a democracy under the rule of law and does not appear to be moving in that direction. The lack of substantial reforms can be attributed only partly to an adverse environment. The government itself is the major obstacle to serious progress. The forthcoming elections are unlikely to change this situation, due to the imbalance of power and lack of opposition access to state resources. The following issues must be addressed if transformation is to be advanced in Chad:

• Political representation: The long overdue legislative and municipal elections are expected to take place during the first half of 2011. Presidential elections are scheduled for the same period. Political opposition and rebel leaders outside the country – some of them in Qatar – will be excluded from the polls. This lack of integration of all political groups will compromise the legitimacy of the bodies being elected. It also shows the current strength of the ruling elite. As they have no rivals, the ruling party and the president are not in danger of losing the elections. Low voter turnout due to the low acceptance of the regime and the lack of alternatives should be expected. Under these circumstances international observers in the country should at least ensure that the requirements of free and fair elections are followed.

• Socioeconomic development: The government has continued to spend its oil revenues on weaponry and prestigious infrastructure projects. The IMF and World Bank express serious concern about the direction, efficiency and management of public spending and the lack of investment in economic diversification and structural reforms. It is unlikely that Chad will change its economic policy in the near future, as the government is under no external pressure and has benefited from an increase in oil revenues from Chinese exploitation. The country will instead maintain the mentality of a rentier state.

• International influence: Chad will continue to enjoy outside support, particularly from France, the European Union and to a lesser degree from the United States. As a former colonial power, France wants to maintain its traditional zone of influence in Chad and is eager to avoid a destabilization of the entire region, but it remains to be seen if it is willing to pay the Chadian government to maintain its base in N’Djamena. Chad is an important ally of the United States in the war on terror and a minor oil supplier. China’s interest in oil, minerals like uranium and in establishing geo-political bases in Africa has led to its increasing engagement in Chad, thereby providing further support for the regime. The rapprochement with Libya will bring more investments and infrastructure projects.
• Security conditions: Since the rapprochement with Sudan and the disarmament of the rebel groups, armed opposition has been weakened (the Chadian rebel strength is estimated to have dwindled from ca. 6,000 in May 2009 to 3,000 – 4,000 in October 2010) but is has not completely disappeared. Remaining armed rebels are now in the border region between Sudan, Chad and the Central African Republic. Deprived of supplies from Sudan, they pose an immediate threat to the security of the civilian population that lives in these areas, and a manageable risk for the ruling regime. Similarly, rebel factions who surrendered and were integrated into the national army continue to endanger the government to some extent, as frustration on their side could lead to their re-defection and unification with the remaining rebel groups. Déby will try to further divide the rebels and their leaders along ethnic lines and try to co-opt some of them.

Given the impact of neighboring countries on the security situation in Chad, developments in post-referendum Sudan as well as in the Central African Republic have to be followed closely. International actors should insist on the responsibility of the Chadian state to guarantee the security of its citizens and to reinforce rule of law and the judiciary system. Equally importantly, the security of Sudanese and Central African refugees on Chadian territory must be provided for by the state. In order to facilitate the return of internally displaced persons, measures have to be taken to improve security in their home areas.

It cannot be expected that Chad will progress toward democracy and a socially responsible market economy in the foreseeable future without the help of international partners.

Donors should not, however, exclusively prioritize regional and geopolitical security issues. This policy has already proved shortsighted in view of the government’s performance. The support of civil society and civil opposition parties, combined with firm political and economic conditionality on the part of international financial institutions and key players such as France, the European Union and the United States, are indispensable to ensuring the wise use of oil revenues and to progress being made in democratic development.