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AFRICAN DEVELOPMENT FUND**



CHAD

COUNTRY STRATEGY PAPER 2010-2014

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
AFD	French Development Agency
CEMAC	Central African Economic and Monetary Community
CENI	National Independent Electoral Commission
CPIA	Country Policy and Institutional Assessment
CSP	Country Strategy Paper
ECCAS	Economic Community of Central African States
EU	European Union
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
Ha	Hectare
HDI	Human Development Index
HIPC	Heavily-Indebted Poor Countries
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immuno-Deficiency Syndrome
IMF	International Monetary Fund
ITIE	Extractive Industries Transparency Initiative
KFW-GTZ	German Agency for Technical Cooperation
Km ²	Square kilometre
Mbs	Megabyte per second
MDG	Millennium Development Goals
MPS	Patriotic Movement for Salvation
MTEF	Medium-Term Expenditure Framework
ODA	Official Development Assistance
OHADA	Organization for the Harmonization of Business Law in Africa
PAMFIP	Plan of Action for the Modernization of Public Finance
PARG	Governance Reform Support Project
PNEAR	National Drinking Water Supply and Sanitation
PRGF	Poverty Reduction and Growth Facility
PRODEPECHE	Fisheries Development Project
SCA	Swiss Cooperation Agency
SNRP	National Poverty Reduction Strategy
STEE	Water and Electricity Company of Chad
TFP	Technical and Financial Partners
UA	Unit of Account
UNDP	United Nations Development Programme
WB	World Bank

EXECUTIVE SUMMARY

INTRODUCTION

i. The last Bank Group strategy in Chad expires at the end of 2009. It was approved by the Boards of Directors on 30 November 2005, and implemented during the ADF 10 cycle and the first two years of ADF 11. The completion report of this strategy confirms that some progress has been made in the two areas of focus of the Bank, namely promotion of good governance and infrastructure development. However, the results achieved fall short of expectations in view, particularly, of the difficult security environment in which the strategy was implemented. Despite these difficulties, Chad has major advantages, including: (i) the strategic position of the country as a preferred transit zone in Central Africa, and a connecting point on the north-south trans-African corridor linking Tripoli to Cape Town; (ii) the country's agricultural potential, and (iii) progress in national reconciliation and reconciliation with Sudan. The Bank Group's present Country Strategy Paper (CSP) in Chad for the 2010-2014 period aims at consolidating the outcomes of the previous CSP by drawing benefit from and strengthening the above mentioned advantage so as to address the country's major constraints, particularly poor governance and inadequate basic infrastructure. As regards governance, the Bank's support seeks to strengthen transparency and accountability in public financial management and improve the private sector business environment. As for infrastructure, emphasis will be laid on enhancing diversification and promoting the private sector through the development of road, rural community water, electricity and telecommunications infrastructure. The CSP 2010-2014 is in line with the second-generation National Poverty Reduction Strategy (SNRP II) adopted by Chad in 2008. It is set within the context of harmonization of interventions with other development partners.

COUNTRY CONTEXT AND PROSPECTS

ii. **Political, economic and social context:** Over the last decade, Chad has been confronted with recurrent conflicts that have led to a situation of instability. Since the advent of the multi-party system in the mid 1990s, the country has organized three presidential elections (1996, 2001 and 2006) and two legislative elections (1997 and 2002), and hopes to hold legislative and presidential elections in 2010 and 2011 respectively. Agriculture and stock breeding, which constituted the dominant activities up to the beginning of the millennium, were relegated to the background as a result of the oil production activities in Doba in the southern part of the country since 2003. Compared to 2005 when the real GDP growth was 7.9%, the economic performance of Chad remained weak from 2006 to 2008 with an average growth rate of -0.1% (of which -9.6% was for the oil sector and 3.3% for the non-oil sector). In 2009, growth is expected to be 1.6%, with -3.4% for the oil sector and 3% for the non-oil sector. Although oil is currently the main engine of growth in Chad, agriculture continues to hold a significant long-term potential for the economy. Like other countries in the region, Chad has been hit by the effects of the international financial crisis. To meet the challenges resulting from the crisis, the Government revised the 2009 budget in the course of the year, and concluded a staff-monitored programme (SMP) with the International Monetary Fund (IMF). In the area of governance, the performance of Chad falls short of that of the average of sub-Saharan African countries in the areas of accountability, effectiveness, rule of law and the perception of corruption.

iii. As in other sub-Saharan African countries, the business climate in Chad is relatively unattractive for the private sector. To improve this, the Government undertook a reform of the Investment Code, culminating in the adoption in December 2007 of the National Investment Charter Act in accordance with the regulations of Central African Economic and Monetary Community (CEMAC), as well as a law establishing the National Investment and Export Promotion Agency. The development of basic infrastructure and strengthening of Chadian institutions are prerequisites for enhanced competitiveness of the economy. At the regional level, the historical and economic ties that link Chad to other Central African countries, as well as the CEMAC and ECCAS free trade agreements, provide outlets for the country's agricultural produce (cattle, dried fish and cereals) that is exported to neighbouring countries mainly through informal trade.

iv. According to SNRP II estimates, poverty affects 56.9% of the population, mostly in rural areas, where the poverty rate is close to 59%. The country's economy does not create sufficient jobs to absorb unemployment, and this has been fuelling the development of an informal sector that lacks supervision and support from the Government. With regard to the Millennium Development Goals (MDGs), Chad has made progress in the area of primary education and access to drinking water. With regard to the environment, the drying out of Lake Chad is a major environmental and climate change problem facing the country.

v. **Strategic Options:** The Government's strategic vision is to promote medium and long-term economic growth in order to reduce poverty and vulnerability. This vision will be implemented through SNRP II, which highlights mainly good governance and increased economic growth.

vi. **Challenges and Weaknesses:** In terms of challenges, Chad must build institutional capacities in public administration and improve the private sector business environment. With regard to weaknesses, the country is also confronted with a lack of basic infrastructure, particularly road and rural community infrastructure. The Country Policy and Institutional Assessment (CPIA) rating is low.

vii. **Strengths and Opportunities:** Progress in national reconciliation and with Sudan provides an opportunity for lasting peace and national reconstruction. The strategic location of Chad makes it a preferred transit zone between Central African countries and those of North and sub-Saharan Africa. The potential for diversified agriculture provides an alternative to oil and opportunities for job creation and poverty reduction.

viii. **Recent developments in aid coordination and harmonization, positioning of the Bank and lessons learnt from the previous CSP:** The major technical and financial partners (TFP) operating in Chad are the European Union (EU), the Bank Group, the World Bank, IMF, the French Development Agency (AFD), the United Nations Development Programme (UNDP), the German Agency for Technical Cooperation (KfW-GTZ) and the Swiss Cooperation Agency (CS). As at 30 September 2009, the Bank's ongoing operations in Chad totalled 17 for a net commitment of UA 169 million, including 5 multinational operations and a disbursement rate of 25.78% for national operations. The Bank conducted a review of its portfolio in the country in 2009, which indicated improvement in the situation in comparison to the last review in 2006. The main lessons learnt from the previous CSP are the need for greater selectivity and pursuance of actions already begun in the promotion of good governance and infrastructure development.

BANK GROUP STRATEGY FOR CHAD

ix. **Rationale for Bank Group Intervention:** Under the 2010-2014 CSP, the Bank hopes to support the implementation of SNRP II in order to address the country's challenges. To that end, it intends to: (i) continue to support the strengthening of public sector governance with a view to improving transparency and accountability in public financial management and enhancing the business environment; and (ii) develop roads and rural community facilities. To achieve this objective, the Bank hopes to draw benefit from opportunities in the country in terms of progress in the national reconciliation process, the agricultural potential, as well as its position as a preferred transit zone in the region and on the continent. The Bank's strategic approach will be based on the following two pillars: (i) Pillar I: Promote good governance in the public sector; and (ii) Pillar II: Develop basic infrastructure.

x. **Expected Outcomes and Targets:** The 2010-2014 CSP aims to achieve the following five outcomes: (i) enhance transparency and accountability in public financial management; (ii) improve the business environment for the private sector; (iii) strengthen economic diversification by improving rural infrastructure with a view to increasing crop yields and ensuring better management and sustainable development of agro-pastoral and transhumance resources; (iv) strengthen the national and international road network to ensure internal and external accessibility of the country, facilitate the haulage of local produce, and enhance regional integration; and (v) improve access to basic services through development of community water, electricity and telecommunications infrastructure. As regards non-project activities, the Bank hopes to undertake two analytical studies on sources of growth, diversification of the agricultural sector, and private sector development.

xi. **CSP Monitoring and Evaluation:** The results-based framework presented in Annex I-A, which summarizes the interventions and outcomes of the strategy, will be used as a tool for reviewing the outcomes of the two pillars at mid-term and end of the strategy. Monitoring of the CSP outcomes will be essentially based on the Government's SNRP II monitoring-evaluation systems (Economic Unit and Poverty Observatory) that will be responsible for coordination with the sector Ministries. The Bank will work with these structures to regularly prepare the monitoring reports on the implementation of portfolio projects as part of joint quarterly reviews with the Bank Country Office. These reports will be key elements to be considered during CSP reviews.

xii. **Country Dialogue Issues:** Dialogue between the Bank and the Government will focus on continuation of reforms in governance, institutional framework of SNRP II monitoring-evaluation, environmental protection and transparency in the management of extractive resources as well as management of the Bank Group portfolio.

xiii. **Potential Risks and Mitigation Measures:** Implementation of the 2010-2014 CSP faces security, electoral and economic risks that are mitigated by the 2008 Libreville peace agreements, the creation of the National Independent Electoral Commission (CENI), and implementation of reforms under the IMF staff-monitored programme in 2009 and 2010.

CONCLUSION AND RECOMMENDATION

xiv. In light of the foregoing, the Boards of Directors are invited to approve the strategy proposed in the present CSP for Chad covering the 2010-2014 period.

I. INTRODUCTION

1.1 The last Bank Group strategy in Chad¹ expires at the end of 2009. It was approved by the Boards of Directors on 30 November 2005, and implemented during the ADF 10 cycle and the first two years of ADF 11. The completion report² of this strategy confirms that some progress was made in the two areas of focus of the Bank, namely promotion of good governance and infrastructure development. However, the results achieved fall short of expectations in view, particularly, of the difficult security environment in which the strategy was implemented. Despite these difficulties, Chad has major advantages, including: (i) the strategic position of the country as a preferred transit zone in Central Africa, and a connecting point on the north-south trans-African corridor linking Tripoli to Cape Town; (ii) the country's agricultural potential, and (iii) progress in national reconciliation and reconciliation with Sudan.

1.2 The Bank Group's present Country Strategy Paper (CSP) in Chad for the 2010-2014 period aims at consolidating the outcomes of the previous CSP by drawing benefit from and strengthening the above-mentioned advantages so as to address the country's major constraints, particularly poor governance and inadequate basic infrastructure. As regards governance, the Bank's support seeks to strengthen transparency and accountability in public financial management and improve the business environment for the private sector. As for infrastructure, emphasis will be laid on strengthening diversification and promoting the private sector through the development of road, rural community water, electricity and telecommunications infrastructure. The 2010-2014 CSP is in line with the second-generation National Poverty Reduction Strategy (SNRP II) adopted by Chad in 2008. It is set within the context of harmonization of interventions with other development partners. .

1.3 The strategic approach thus defined will form the framework of developments presented in this report which, apart from this introduction, comprises the following three chapters: Country Context and Prospects, Bank Group Strategy for Chad, and Conclusion and Recommendation.

II. COUNTRY CONTEXT AND PROSPECTS³,

2.1 POLITICAL, ECONOMIC AND SOCIAL CONTEXT

Political Context

2.1.1 **Over the last decade, Chad has been confronted with recurrent conflicts that have led to a situation of instability.** As Chart 1 indicates, the political stability index of Chad is much weaker than that of the average of sub-Saharan African countries. This instability stems from conflicts between armed Chadian political groups based in the Sudanese Darfour region to the east of the country, and the Government. The most recent of these attacks, which occurred in May 2009, was repelled by the Government forces. To consolidate peace in the country, the Government has been pursuing dialogue with Sudan under the auspices of the African Union. It

¹ ADF/BD/WP/2005/96/Rev.1 – ADB/BD/WP/2005/86/Rev.1

² ADB/BD/IF/2009/248 -- ADF/BD/IF/2009/231

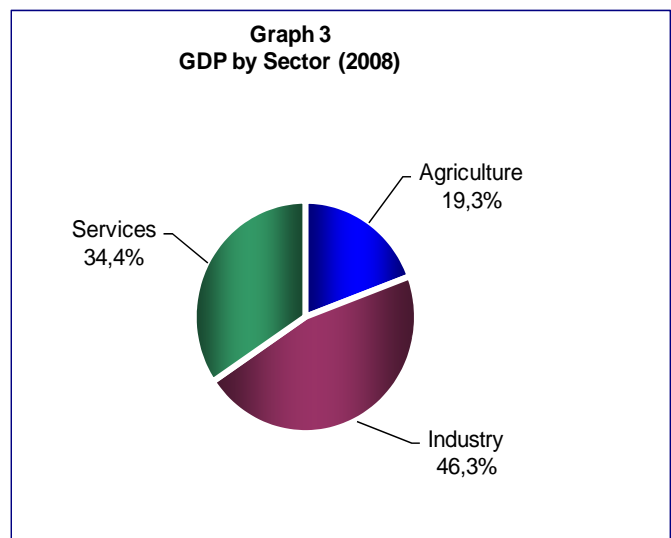
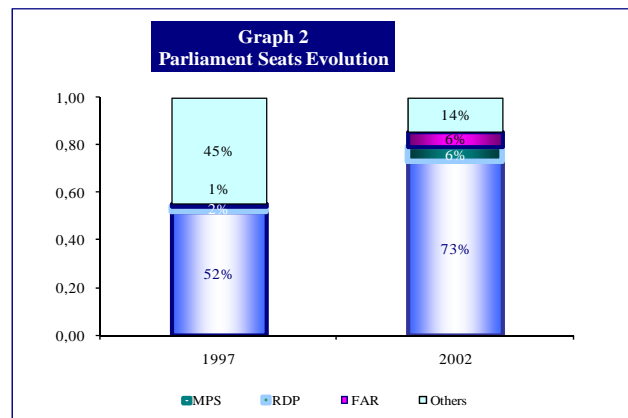
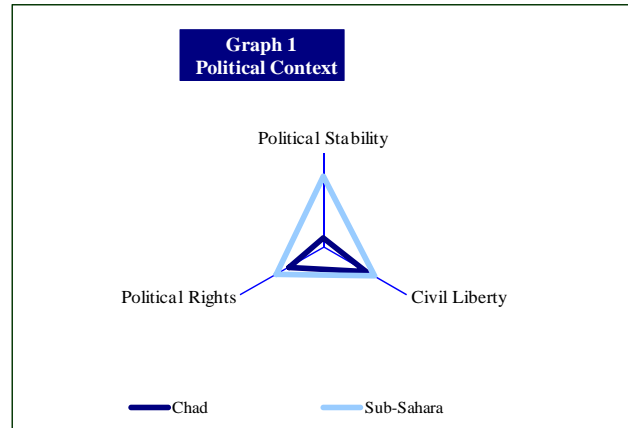
³ The data, graphs and tables included in this chapter were provided by the Bank Group Statistics Department.

is involved in the process of national reconciliation with the opposition party and armed movements. These initiatives have resulted in the participation in the Government by the Coordination of Parties for the Defence of the Constitution (CPDC) in April 2008, the rallying of three rebel groups of the former National Movement in July 2009, and the holding of direct negotiations between the Chadian and Sudanese authorities in October 2009.

2.1.2 Since the advent of the multi-party system in the mid-1990s, the country has organized three presidential elections (in 1996, 2001 and 2006) and two legislative elections (in 1997 and 2002), and hopes to hold legislative and presidential elections in 2010 and 2011 respectively. The three presidential elections were won by the current president, whose party – The Patriotic Movement for Salvation (MPS) – has held majority seats in Parliament since 1997 (Chart 2). For the preparation of the next elections, an Independent National Electoral Commission (CENI) was put in place in July 2009. CENI comprises 15 members from political parties belonging to the presidential majority and 15 members from the opposition. It is the outcome of dialogue between the Government and the Opposition in accordance with the 13 August 2007 agreement aimed at strengthening the country’s democratic process. This process has contributed to improving political stability in 2009.

Economic Context

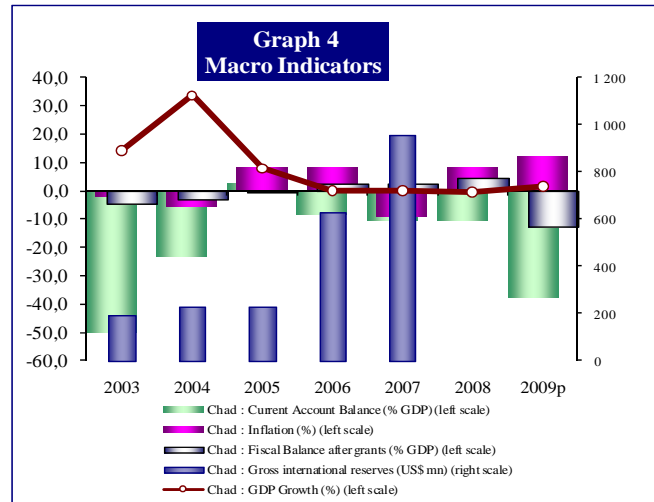
2.1.3 Agriculture and stock breeding, which constituted the dominant activities up to the beginning of the millennium, were relegated to the background as a result of the oil production activities in DOBA in the southern part of the country since 2003. Prior to the oil era, the agricultural sector accounted for about 36% of GDP and virtually all the country’s exports (essentially cotton, livestock and gum arabic). Today, with the development of oil production (46% of GDP in 2008), the agricultural sector accounts for only 19% of GDP (Chart 3) although it continues to be the main employer for nearly 80% of the working population. Since 2004, there has been a



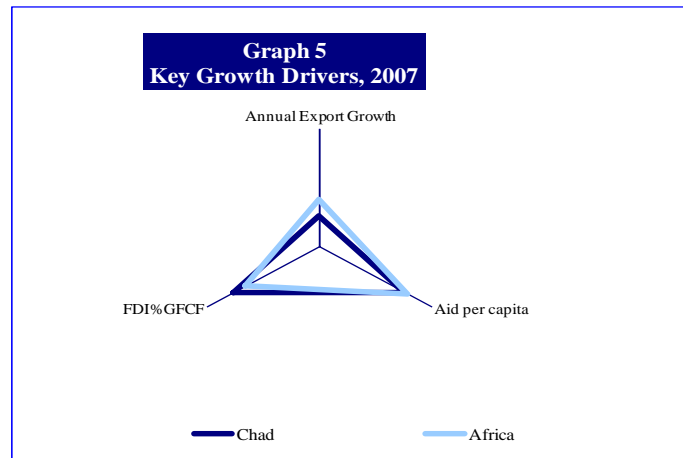
structural decline in oil production resulting from the unexpected seepage of water into the wells. The Government, in partnership with the consortium of two oil companies, namely Chinese and Canadian, in 2009 began construction works on new sites in the Bongor region about 300 km south of N'Djamena⁴.

Growth and Engines of Growth

Compared to 2005 when the real GDP growth was 7.9%, the economic performance of Chad remained weak from 2006 to 2008 with an average growth rate of -0.1% (of which -9.6% was for the oil sector and 3.3% for the non-oil sector). In 2009, growth is expected to be 1.6%, with -3.4% for the oil sector and 3% for the non-oil sector. This trend reflects a decline of activity in the oil sector, which has been compounded by the conflicts in the country. Indeed, annual oil production, which had risen to 57 million barrels per annum, declined by about 9% in volume between 2006 and 2008 as a result of the presence of water in the oil. The inflation rate fell from 8% in 2006 to -7.4% in 2007 and rose again to 8.3% in 2008 (Chart 4). This fluctuation was due to the fall in food prices following the good harvest in 2007, followed by the rise in prices as a result of the 2008 food crisis. Inflation is projected to stand at 4% in 2009.



2.1.4 **Although oil is currently the main engine of growth in Chad, agriculture continues to hold a significant long-term potential for the economy.** The country's economic growth over the last decade has been marked by an increase in exports from the capital-intensive petroleum industry and lower growth in the other sectors. The resulting high investment inflows increased the foreign direct investments (FDI) in Chad to 35% of GDP in 2007 compared to an average of 21% of GDP for Africa (Chart 5). Petroleum activity generated significant tax revenues for the Government, which were mainly used to rehabilitate basic infrastructures with the assistance of development partners. Unlike petroleum, agriculture is still on a small scale, with highly unskilled labour. However, the sector has a



⁴ In July 2009, the government launched the construction works expected to last two years. The expected annual output is estimated at 1 million tons in view of the capacity to produce 20,000 barrels of crude oil per day up to a maximum of 60,000 barrels and 250 000 m³ per day of natural gas. This field is the second one following that of Doba that has been operating since October 2003.

variety of growth-oriented sub-sectors (fisheries, livestock, gum arabic, cotton, shea butter, fruits, tubers, etc.) whose development, through a diversification policy, could contribute to creating employment in the non-oil private sector, and provide responses to problems related to the food crisis.

Macro-economic Management within a Context of Crisis

2.1.5 Like other countries in the region, Chad has been hit by the effects of the international financial crisis. With regard to the financial sector, the seven commercial banks in the country have so far been spared the effects of the financial crisis, on account of their limited integration into the international financial system. As regards public finance, the fiscal balance of Chad rose from 3% of GDP in 2007 to 5.5% in 2008, which was significantly higher than the average of African countries in 2008. However, this balance could decrease to -17.8% of GDP in 2009 in view of the anticipated decline in oil revenue of CFAF 370 billion (17% of non-oil GDP) compared to its initial level at the start of the year. Oil revenue in Chad accounted for 80% of tax revenue, or 38% of non-oil GDP in 2008. Apart from the effects of the economic crisis, the country's public finance was constrained by the war effort that led to high security expenditures representing 13.6% of GDP in 2008 (including 3% for military salaries and accounting for 52% of public administration salaries). The current account balance fell from -10.6% of GDP in 2007 to -12.2% in 2008, and is expected to fall further to -25.2% in 2009 as a result of the anticipated decline in oil exports following the international financial crisis. Faced with this situation, the Government will be compelled to fall back on its official reserves and use the statutory advances of the Central Bank to meet its financing requirements (between January and June 2009, the financing requirements amounted to nearly CFAF 200 billion, which is equivalent to 6% of GDP).

2.1.6 To meet the challenges resulting from the crisis, the Government revised the 2009 budget in the course of the year and concluded a staff-monitored programme (SMP) with the International Monetary Fund (IMF). This adjustment facilitated the preparation of a budgetary framework that took into account the drop in oil revenue at the start of 2009, as well as the anticipated decline in earnings up to the end of the year. The framework served as basis for adopting the IMF SMP for the April-October 2009 period. A review of the IMF programme in September 2009 showed that the authorities have made progress in mobilizing non-oil revenue that increased by the equivalent of 2% of GDP between March and June 2009. However, public expenditure largely exceeded the targets of the programme by the equivalent of 4% of the GDP, in view of the higher than expected spending for security and public investment. For these reasons, the authorities and the IMF agreed to extend the SMP up to June 2010 in order to prepare the ground for the new Poverty Reduction and Growth Facility agreement (PRGF). The latter should enable the country to reach the Heavily Indebted Poor Countries (HIPC) Initiative completion point⁵ and secure increased support from donors.

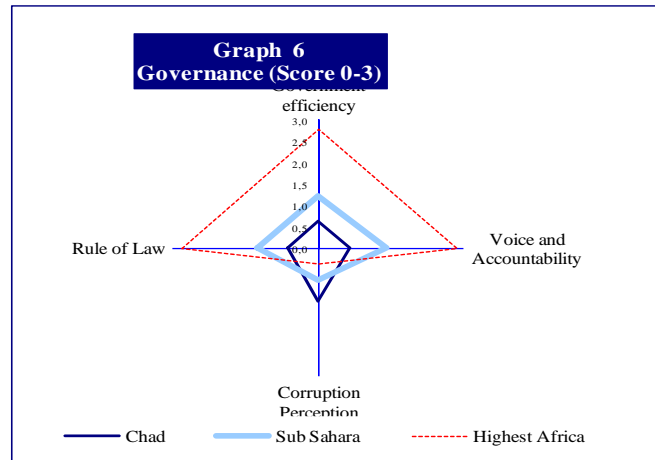
⁵ Chad reached the decision point of the HIPC initiative in 2001.

Governance

2.1.7 In the area of governance, the performance of Chad falls short of that of the average of sub-Saharan African countries in the areas of accountability, effectiveness, rule of law and the perception of corruption (Chart 6).

Chadian public finance is marked by low savings and weak mechanisms for supervising the use of oil resources in priority sectors⁶, which accounted for only 37% of public expenditures (i.e. 16% of GDP) in 2008. Furthermore, public procurement management, consisting of

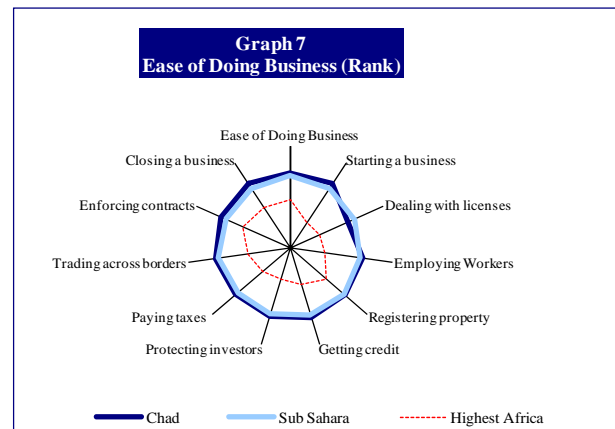
protracted and cumbersome procedures, does not foster transparency.⁷ Under the previous strategy, the Bank supported the strengthening of public financial management tools (statistics, debt and payroll management, etc.), as well as enhancement of public procurement organizational and regulatory frameworks. The Bank's support also contributed to the preparation of a national anti-corruption plan based on a shared diagnosis by the stakeholders (including the civil society and the private sector). However, the difficult security context, inadequate integration of sectoral policies and weak capacities in terms of competencies and familiarity with procedures do not favour the development of a long-term vision in a transparent public financial management.



Business Climate and Competitiveness

Business Climate

2.1.8 As in other sub-Saharan African countries, the business climate in Chad is relatively unattractive for the private sector (Chart 7). Out of 181 countries, Chad ranks 175th on the Ease of Doing Business ranking in 2009, a reflection of the business environment in recent years. Furthermore, the ranking has been worsened by a number of factors, including recurrent insecurity, administrative redtape, deficiencies in the legal framework and judicial system, delays in payment of bills and accumulation of arrears by State enterprises and parastatals, as well as difficulties in access to credit.



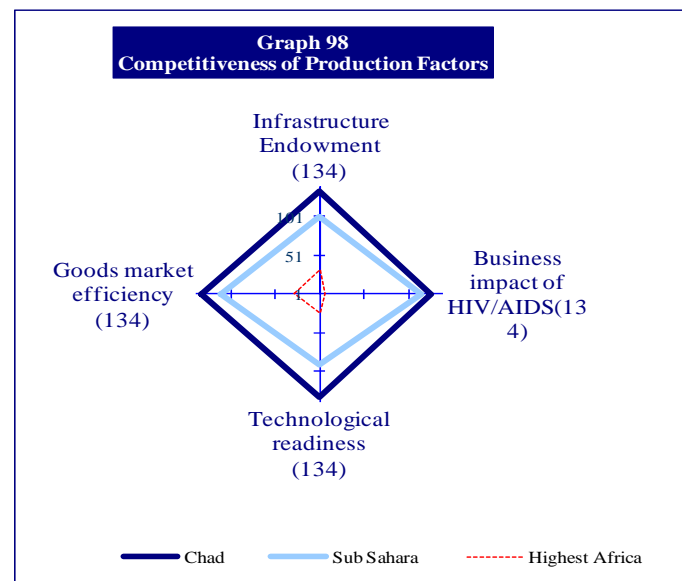
⁶ The priority sectors include infrastructure, education, health, social programmes, agriculture, livestock, justice and the environment.

⁷ For example, there are 50 stages and 13 approvals from the invitations for bids to the signing of a contract, resulting in extensive delays in procurement (5 to 7 months on average).

2.1.9 To improve the business climate, the Government undertook a reform of the Investment Code by passing in December 2007 the National Investment Code in accordance with the regulations of the Central African Economic and Monetary Community (CEMAC), and adopted a law establishing a National Investment and Exports Promotion Agency. These innovations aim at modernizing tax and customs incentives, as well as other private investment incentives, and at promoting public/private partnership. Under SNRP II, the Government hopes to take a number of additional measures, including: (i) establishment of permanent dialogue between the Government and the private sector aimed at gaining more understanding of the aspirations of the sector, mainstreaming them in national policies and addressing practical problems affecting specific activities; (ii) reform of the trade legislation and effective enforcement of OHADA regulations in their entirety; (iii) enactment of a land law consistent with the legislation on contracts and strengthening of commercial courts; (iv) simplification of the tax and customs system so as to increase Government resources and eliminate factors that promote fraud and corruption; and (v) pursuance of public procurement reforms for greater transparency and fair competition between all economic operators. Measures already taken by the Government include the enactment in 2007 of a law aimed at improving the legal and tax system of the oil sector. This law aims at establishing a contract for sharing oil output, government involvement in exploration, and consideration of environmental aspects right from the design of any petroleum project. As regards public procurement, the institutional and organizational structures for the management of procurement are in place, but must be strengthened.

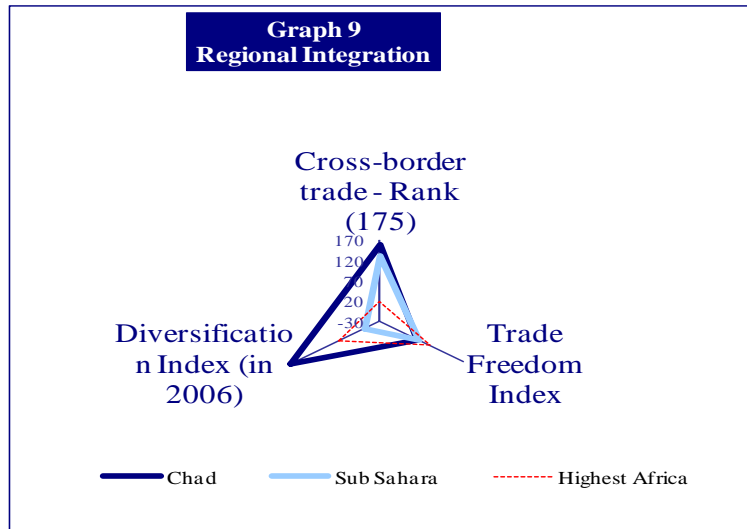
Competitiveness

2.1.10 The development of basic infrastructure and strengthening of Chadian institutions are prerequisites for enhanced competitiveness of the economy, whose growth is driven by factors of production. As Chart 8 shows, with regard to infrastructure, Chad ranks 134th compared to the average for sub-Saharan Africa (100th). In recent years, the Government made encouraging progress in the improvement of infrastructure, particularly in the area of transport. However, the infrastructure is not enough to ensure competitiveness through reduced factor costs. To enhance its competitiveness, Chad must pursue these efforts, while improving the efficiency of its public and private institutions and macroeconomic framework.



Regional Integration

2.1.11 At the regional level, the historical and economic ties that link Chad to other Central African countries, as well as the CEMAC and ECCAS free trade agreements, provide outlets for the country's agricultural produce (cattle, dried fish and cereals) exported to neighbouring countries mainly through informal trade. Currently, Chad ranks 154th (out of 175) in the cross-border trade classification (Chart 9). To improve this, it is necessary to develop cross-border infrastructure between Chad

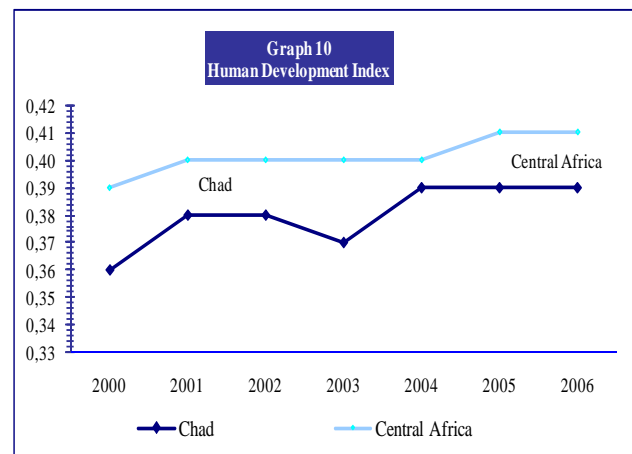


and other countries in the region so as to increase the density of the regional road network, as recommended in the 2008-2012 medium-term strategy and the Bank's regional integration strategy. Furthermore, in view of its ranking and the African diversification index (181 for Chad compared to 69 for the average of sub-Saharan African countries), the country must diversify its economy if it wishes to create greater value added and reap maximum benefits from regional trade. At the multilateral level, negotiations of economic partnership agreements (EPA)⁸ under CEMAC and ECCAS also provide competitive advantages for Chad's main export commodities (gum arabic, cotton, spirulina, etc.) for the European market.

Social Context

Poverty and Social Inclusion

2.1.12 According to SNRP II estimates, poverty affects 56.9% of the population, mainly in rural areas, where the poverty rate is close to 59%. Poverty varies according to the size of families, level of education and type of economic activity of the head of family. Many households headed by persons whose level of education does not go beyond the primary school and work in the primary or secondary sector are relatively poorer than the others. In rural areas, women-headed households are poorer than those headed by men (54% compared to 34%). In terms of the human development index (HDI), the



⁸ Negotiations towards a regional EPA between Central Africa (CEMAC/ECCAS) and the EU are underway. Cameroon signed an interim agreement in January 2009.

performance of Chad is below that of the average of Central African countries (on average 0.3800 compared to 0.4814 respectively during the 2000-2006 period for which HDI data is available – cf. Chart 10).

2.1.13 The economy of Chad does not create sufficient jobs to absorb unemployment, and this has been fuelling the development of an informal sector that lacks adequate supervision and support from the Government. In recent years, the time taken to enter professional life in Chad has increased considerably, and integration has become more complex under the combined effects of several factors, namely limited employment opportunities due to the weak economic growth, insufficient private investments in the non-oil sector, and training not adapted to employment. A combination of these factors has made job creation and stabilization difficult, which keeps unemployment at a high level (it was estimated at 36% in 2004, the most recent year for which data on unemployment is available). In such conditions, the informal sector is the only sector capable of providing a large variety of small jobs to a relatively unskilled labour. However, development of the sector is hampered by the absence of adequate regulatory framework for better supervision of activities, protection against strong competition from Nigerian and Cameroonian industries, and access to credit (informal sector operators generally resort to self-financing or mutual assistance systems that limit their capacity to invest in large projects).

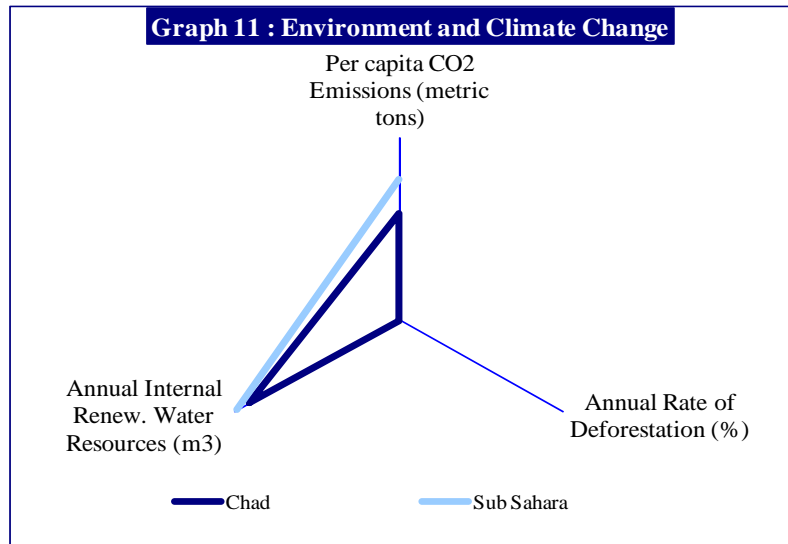
2.1.14 As regards gender, the Government has made progress in girls' enrolment, and this has helped to improve gender parity in primary education from 61% in 2000 to 71% in 2007. Progress has also been made in maternal and child health, where the fertility ratio of adolescents (15 to 19 years age- group) declined from 191 per 1000 births in 2000 to 164 in 2007. Furthermore, increasingly women are involved in political life (the proportion of seats held by women in the Chadian Parliament rose from 2% in 2000 to 7% in 2007). With the support of the Bank, the authorities are pursuing consultations with social and religious groups for the revision of the Persons and Family Code the new version of which could be passed by the end of 2009. The Government hopes to pursue the above measures under implementation of SNRP II in order to enhance the status of women, improve their economic and social integration, and combat abuses and violence against women.

2.1.15 With regard to the Millennium Development Goals (MDGs), Chad has made progress in primary education and access to drinking water. The primary education enrolment rate has improved significantly since the 1990s from 65% in 1994 to 75.6% in 2005. If the current trends are maintained and if the projected outcomes of SNRP II programmes are achieved, Chad could record a 100% gross enrolment rate by 2015. The rate of access to drinking water increased from 23% in 2000 to 48% in 2007, then to 50% at the beginning of 2009, and could reach the MDGs target of 60% by 2015. However, progress has been slow in other areas, particularly in health (cf. Annex III). Consequently, meeting the MDG challenge by 2015 requires implementation of sectoral strategies and fine-tuning of policies and action plans.

Environment and Climate Change

2.1.16 The drying out of Lake Chad is a major environmental and climate change problem facing the country.

This situation could lead to the disappearance of eco-systems around the Lake Chad Basin on which rural populations depend for their livelihood. The carbon gas emission rate is relatively low (0.02 tonne per capita) compared to the sub-Saharan African average (0.88) – cf. Chart 11. The country has ratified the climate change convention and the convention for the protection of the



ozone layer and its protocol, as well as conventions on hazardous wastes. The Government has been implementing these conventions with the support of the Global Environmental Fund and the United Nations Development Programme (UNDP). The authorities are aware of the need to prepare an environmental protection strategy for the balanced and sustainable development of Chad, and have conducted a study to that end. Under the CSP implementation, the Bank will enhance dialogue with the Government on these issues in order to ensure effective implementation of environmental protection policies.

2.2 STRATEGIC OPTIONS

2.2.1 Country Strategic Framework

2.2.1.1 The Government's strategic vision is to promote medium and long-term economic growth in order to reduce poverty and vulnerability. The authorities hope to achieve this by addressing three major challenges, namely: (i) an ecological challenge to protect the environment and natural resources; (ii) a political challenge to settle and prevent conflicts, consolidate peace and social concord so as to promote economic and social development; and (iii) an economic challenge to define and implement a coherent set of sectoral policies to accelerate growth, strengthen the social sector and reduce poverty in keeping with the priorities of SNRP II. With the opportunity provided by oil production, the primary aim of the Government is to reduce poverty to 40.3% by 2015. To that end, the Government hopes to scale up efforts to achieve an average non-oil GDP growth of at least 5.5% between 2010 and 2015, particularly through: (i) improved public financial management to generate the required tax revenue for implementation of structural reforms in the public sector; and (ii) diversification and revitalization of rural sector activities to create employment in the non-oil private sector. This growth will also be maintained through development of new oil fields over the next two years to offset the current declining production of the Doba field.

2.2.1.2 This vision will be implemented through SNRP II, which highlights mainly good governance and increased economic growth. The main key areas of focus of SNRP II are: (i) promotion of good governance through deeper public administration reform and the fight against corruption; (ii) creation of an environment conducive to strong and diversified growth with the development of the oil sector, promotion of growth-oriented subsectors, private sector promotion, employment promotion, stable economic and financial policies, consolidation of trade integration and promotion of regional cooperation; (iii) harnessing of rural development potential; (iv) infrastructure development; and (v) human resource development. SNRP II is based on macro-economic and sectoral strategies geared towards poverty reduction. The latter include the Action Plan for Modernization of Public Finance (PAMFIP), Rural Development Intervention Plan (PIDR), Water and Sanitation Master Plan (SDEA) and the National Food Security Programme (PNSA). SNRP II is aimed at consolidating the achievements of SNRP I by reinforcing the strategic priorities of the latter that had enjoyed the support of the Bank under 2005-2009 CSP. The main aim of SNRP I is to improve governance and strengthen human capital through strong and sustained growth. It was implemented within a particularly difficult political and security context; which: (i) limited the Government's economic and social reforms, and (ii) therefore did not enable the authorities to achieve all the set objectives.

2.2.2 Challenges and Weaknesses

2.2.2.1 In terms of challenges, Chad must build institutional capacities in public administration and improve the business environment for the private sector. Progress made over the last two decades in the implementation of public sector reform has fallen short of expectations and the country's needs. This situation mainly stems from weak capacities, compounded by the political and security instability in the country. Delays in the implementation of reform have contributed to increased costs and weak performance of public procurement. Furthermore, these problems have been helping to weaken the programming, execution and control of public expenditures under the medium-term vision. These weaknesses have limited the Government's capacities to play its role as facilitator and establish an environment that is conducive to private sector development.

2.2.2.2 With regard to weaknesses, the country is also confronted with the lack of basic infrastructure, particularly road and rural community infrastructure. Inadequate transport infrastructure constitutes an obstacle to the development of trade and the private sector as the engine of economic and social development.

Box 1

Status of major infrastructures in Chad

Road Transport: Despite the construction of 1126 km of paved roads, Chad has an inadequate supply of road infrastructure. The situation is all the more worrying as the country is landlocked and national and international highways account for 95% of the transportation of goods and persons. Furthermore, the fact that the roads are in poor condition induces extra transportation costs of over 30% according to Government estimates and does not help the country's opening up and integration with other countries in the region.

Water and sanitation: Permanent access by the population to potable water is 50% and most of the diseases, notably in rural areas are water-borne. Water resources are inadequately developed and the problem of availability of water is yet to be resolved in the country.

Electricity: Supply is largely in deficit. The bulk of consumption is met through biomass. The Water and Electricity Company of Chad (STEE), the main institution responsible for electricity production and distribution does not have the technical and human capacities to meet the country's electric ever-growing energy demand. At the national level, 2.2% of households use electricity. The per capita electricity consumption is one of the lowest in the world and tariffs are among the highest. Interconnection of the national electric network with those of countries of the region with adequate supply capacity could help address this constraint.

The weak domestic road network does not facilitate transportation of agricultural production to markets. Furthermore, given the landlocked location of the country, the limited number of road networks linking Chad to other countries in the region makes the haulage of imports and exports (livestock, cotton, gum arabic etc.) difficult. Furthermore, community water, electricity, livestock and transhumance facilities are inadequate in rural areas. This hampers diversification of the agricultural sector, job creation and poverty reduction in rural areas.

2.2.2.3 The Country Policy and Institutional Assessment (CPIA)

rating is low. The overall average CPIA rating for Chad was 3.2 in 2008, which is inadequate. To improve this, efforts should be stepped up in all areas, particularly in the improvement of governance, transparency, accountability and the fight against corruption in the public sector (columns 16 of Table 1).

Table 1: CPIA Ratings 2006-2008

Year	A. Economic Management			B. Structural Policies			C. Policies for Social Inclusion / Equity				
	1	2	3	4	5	6	7	8	9	10	11
	Macro Economic Management	Fiscal Policy	Debt Policy	Regional Integration and trade	Financial Sector	Business Regulatory Environment	Gender Equality	Equity of Public Resource	Building Human Resources	Social Protection and Labor	Environmental Policy & Regulations
2008	3,5	3,5	2,5	3,5	3,5	3,0	2,5	4,0	3,5	2,5	3,0
2007	3,5	3,5	2,5	3,5	3,5	3,0	2,5	3,5	3,5	2,5	3,0
2006	3,0	3,0	2,5	3,5	3,5	3,0	2,5	3,0	3,0	2,5	3,0

2.2.3 Strengths and Opportunities

2.2.3.1 Progress in national reconciliation and with Sudan provides an opportunity for lasting peace and national reconstruction. This progress led to the formation of a broad-based union Government in April 2008 including members of the opposition. The Government has pursued peace negotiations with the rebellion and Sudan. These initiatives have helped to improve the security situation and allowed for gradual resumption of economic activities throughout the country.

2.2.3.2 The strategic location of Chad makes it a preferred transit zone between countries in Central Africa and those in North and sub-Saharan Africa. The country is located south of Libya, east of Niger and Nigeria, north of Cameroon and the Central African Republic, and west of Sudan. This geographic position places Chad at the crossroads of trade

Box 2 The main growth sectors

Livestock: It has a key potential for the domestic and regional markets with its 10 million cattle, 8 million small ruminants and 1.2 million camels, nearly 5 million persons live in the sector, including at least 25% who are workers. Assuming an improvement of livestock productivity of 10% in five years, that would result in an increase in the number of jobs by 125000.

Gum arabic: This is an abundant natural resource with a flourishing market. Chad is the second leading producer and exporter of the commodity in the world.

Groundnut: Annual production rose to about 400,000 tons with yields ranging between 750 and 1000 kilograms per hectare (400,000 hectares). With a 25% increase in output, which is highly possible, 80,000 jobs could be created especially in areas with shorter crop seasons than in cotton areas. Groundnut has a sizeable domestic and regional market.

Fisheries, fruits and vegetables: They are also undergoing encouraging development in the Lake region and along the Chari and Logone rivers, in view of the development of towns and the induced demand for the consumption of these products. **Shea butter:** Shea butter production and sale on the Nigerien market also has interesting growth potential.

Food products: The country has food and cereal production potential that could contribute to improving food security. In view of the fact that root plants and tubers (cassava, yam, and potatoes) have a different production cycle from that of cereals, the development of these various kinds of crops could enable small holder families to better manage shortages in the lean season.

Impact of the sub-sectors on employment: According to Government estimates, the sub-sectors could directly contribute to the creation of about 300,000 new jobs in the coming years. In addition, they will have an indirect impact on employment, namely, for each employment created, there will be an increase in demand for other goods and services, which will generate additional employment. Many studies show that in the rural areas this multiplier is 1.5. Thus, the creation of a direct job will lead to the creation of additional 1.5 indirect jobs. Hence the aggregate impact in Chad will be 750 000 new jobs, with high impacts on poverty.

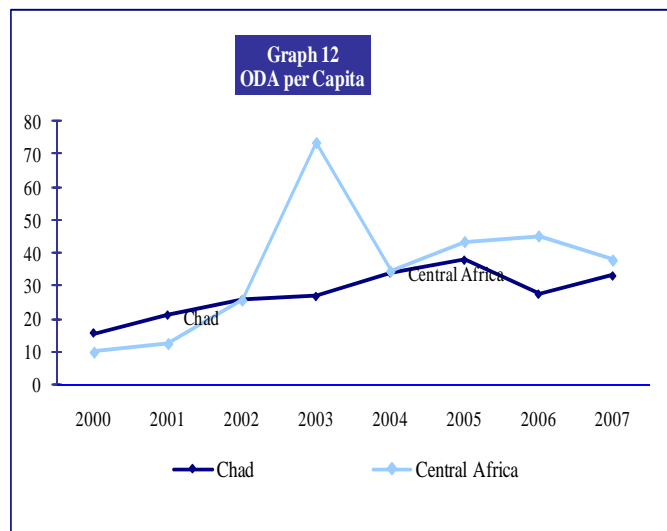
in the region, and makes it a key transit zone on the Tripoli-Cape Town Trans-African corridor. To that end, the opening of transnational highways should contribute to developing trade and enhancing the integration of the region and that of Africa by filling in the missing links of the Trans-African corridor in the country.

2.2.3.3 The potential for diversified agricultural production provides an alternative to oil and opportunities for job creation and poverty reduction. The rural agricultural sector constitutes the main source of income and the leading source of employment (80%). Chad has considerable natural resources, including 39 million hectares of arable land, 5.6 million hectares of irrigable land, 84 million hectares of natural pastures and large population of livestock (cf. Box*- 2). Despite this potential, the population of Chad lives in chronic food insecurity. In two out of every three years, there is a shortage in food production, and over 65% of households have been in a situation of structural food insecurity. Several factors account for this situation, particularly the lack of production infrastructure and inaccessibility of production areas. Admittedly, oil is a key contributor to GDP and the Government's budget. However, in view of its capital intensive nature and the use of skilled foreign labour, the sector does not employ (or marginally employs) the poor and therefore does not directly contribute to increasing their incomes. In contrast, the agricultural sector offers a number of growth and employment opportunities which, if developed through a diversification policy, could contribute to developing the local private sector and create employment for rural communities. Furthermore, the partnership agreements that exist with India and China in the agricultural and industrial sectors provide opportunities to draw on these countries' experiences in agricultural diversification.

2.3 RECENT DEVELOPMENTS IN AID COORDINATION AND HARMONIZATION, POSITIONING OF THE BANK AND LESSONS LEARNT FROM THE PREVIOUS CSP

Aid Coordination and Harmonization

2.3.1 The Government is gradually resuming dialogue with the Bretton Woods Institutions. Between 2005 and 2008, the Government of Chad encountered difficulties in implementing its 3-year macroeconomic programme (2005-2008) backed by the IMF's PRGF, following disagreements with the World Bank (WB) on the management of oil resources, and its implications for governance in the public sector. As a result, in 2008, the PRGF which had been signed in 2005 expired without it being conclusive and the World Bank (WB) withdrew from the financing of the Doba petroleum project. Thus the



country's per capita official development assistance (ODA) dropped from US\$ 38 to less than US\$ 30 between 2005 and 2008 (cf. Chart 12). Since January 2009, the Government has resumed

dialogue with the WB, which has re-opened its country office in Chad and is pursuing its assistance to the country in their mutual areas of cooperation (Action plan for the modernization of public finance - PAMFIP, social sector and governance). Although there is no formal aid coordination mechanism as a regular and structured forum of consultation between the TFPs and the Government, thematic consultations have taken place in governance and basic infrastructure.⁹

2.3.2 The major technical and financial partners (TFP) operating in Chad are the European Union, the Bank Group ((ADB), IMF, the French Development Agency (AFD), the United Nations Development Programme (UNDP), the German Agency for Technical Cooperation (KFW-GTZ) and the Swiss Cooperation Agency (CS). These TFPs support the Government's SNRP in agriculture, rural development (ADB, KFW-GTZ, EU, WB and CS), transport and infrastructure (EU, ADB, AFD, WB and CS), water and sanitation (EU, AFD, ADB and KFW-GTZ), education and health (EU, WB, ADB, AFD, KFW-GTZ and CS) and the multi-sector (EU, IMF, WB, UNDP, ADB, AFD and CS). As Table 2 shows, at the end of 2008, the Bank Group was the leading partner in the country, next to the EU.

Positioning of the Bank and its portfolio performance (see Annexes I-B and I-C)

2.3.3 As at 30 September 2009, the Bank's ongoing operations in Chad totalled 17 for a net commitment of UA 169 million (including 5 multinational operations for a net commitment of UA 64.7 million). The sectoral breakdown of the portfolio is as follows: 6 projects in agriculture

Table 2: TFP Commitments (in US\$ million) in 2008

TFP	EU	CS	UNDP	WB	GTZ	AFD	ADB	Total
SECTORS								
Agriculture & Rural Dev	49	6	0	15	62	0	151	284
Transport & Infrastructures	129	2	0	15	0	18	29	194
Water and sanitation	115	0	0	0	18	64	21	218
Education	0	0	0	42	14	12	14	83
Health	61	1	0	0	0	17	25	104
Multisector	84	1	50	63	0	14	35	247
Total	437	11	50	135	95	124	276	1 128
Total in %	39%	1%	4%	12%	8%	11%	25%	100%

Source: Bank Country Office (TDFO), 2008.

6 projects in agriculture

(45%), 2 projects in transport (30%), 4 projects in the social sector (15%), 4 projects in water and sanitation (9%), and one project in the multi-sector (1%). The overall disbursement rate of the portfolio is 18.42%, with 25.78% for national and 6.56% for multinational projects. The low disbursement rate of multinational operations stems from the fact that they are relatively recent, and thus have not received any disbursement. Furthermore, these operations are in the area of infrastructure, where the procurement of goods and works is relatively long and cumbersome.

2.3.4 The Bank conducted a review of its portfolio¹⁰ in Chad in 2009, which indicated improvement in performance in relation to the situation at the last review in 2006. On a scale of 1 to 3, the overall rating of the portfolio review rose from 1.37 in 2006 to 1.95 in 2009, indicating a significant improvement in the overall performance of the portfolio. However, efforts must be pursued to ensure satisfactory performance. The sectoral analysis of this performance shows that the following sectors: agriculture (2.03), social (1.94) and water (1.94), contributed the most to this result. However, the portfolio is facing difficulties relating to: (i)

⁹ The coordination of official development assistance (ODA) is the responsibility of the Ministry of Economy and Planning (MEP) which plays the role of interface between the Chadian Government and the Technical and Financial Partners (TFPs), through the General Directorate of External Resources and Programming (DGREP). The latter is in charge of the negotiation and mobilization of external resources and ODA coordination.

¹⁰ ADB/BD/WP/2009/189 ou ADF/BD/WP/2009/138.

delays in public procurement procedures; (ii) irregular payment of counterpart funds, (iii) lack of familiarity with the Bank's rules and procedures by the Bid Evaluation Commission (COJO); (iv) delayed submission of audit reports; and (v) the transmission of disbursement requests with incomplete supporting documents. All these difficulties have improved considerably in recent years thanks to the close and regular monitoring by the Bank's operations departments with the support of the Field Office (TDFO). Consequently, they do not constitute major constraints on the implementation of the portfolio.

Lessons drawn from the previous CSP

2.3.5 The main lessons learnt from the previous CSP are the need for greater selectivity and pursuance of actions already begun in the promotion of good governance and infrastructure development so as to consolidate the results obtained. In light of the findings of the RBCSP 2005-2009 completion report, the following specific lessons could be drawn: (i) For the Bank, lessons for the future strategy concern the need to: (a) consolidate the achievements of the RBCSP 2005-2009 by strengthening actions that were beginning to show results under the two pillars of the strategy; (b) strengthen selectivity by maintaining a limited number of operations that take into account the implementation capacities of projects, interventions by other TFPs and the country's security situation; (c) target clear, realistic and measurable indicators that are directly influenced by the Bank's assistance to facilitate monitoring of results and the performance of the Bank; (d) define intervention procedures, taking into account the fiduciary framework and the institutional and security environment of the country; and (e) provide for economic and sectoral studies upstream of CSPs. (ii) For the Government, the lessons learnt mainly concern: (a) build the institutional capacities of coordination structures; (b) improve the quality of files and processing and duration of public procurement; (c) pay counterpart funds; and (d) strengthen and revitalize the aid negotiation and coordination mechanism as a forum for regular and structured consultation between the TFPs and the Government.

III. BANK GROUP STRATEGY FOR CHAD

3.1 RATIONALE FOR BANK GROUP INTERVENTION

Rationale for Bank Intervention

3.1.1 As previously mentioned, the Bank Group's previous strategy in Chad aimed at the following: (i) promote good governance through economic reform support and institutional capacity building including the management of oil resources; and (ii) create the conditions for sustained growth in the non-oil sector through infrastructure and natural resource development. The implementation of this strategy has contributed to better identification of reforms to be carried out, improvement of expenditure procedures and by strengthening public procurement management and pursuing structural reforms in the judiciary and the fight against corruption. The Bank's interventions have also fostered the creation of conditions for increased growth through the development of irrigation, aquaculture and road infrastructure (for the internal and external opening up of the country). Lessons from the implementation of the Bank's strategy have confirmed the relevance of previous strategic options. These lessons have also confirmed

the need to consolidate the results obtained – for greater selectivity in interventions – by pursuing efforts in the improvement and development of basic infrastructure. Furthermore, the previous analysis of the challenges of Chad – particularly weak institutional capacities in the public sector, the lack of a private sector friendly environment and insufficient basic infrastructures – corroborate the lessons learnt from the previous strategy.

3.1.2 Under the 2010-2014 CSP, the Bank hopes to support the implementation of SNRP II in order to meet the country’s challenges. To that end, it intends to: (i) continue to support the strengthening of public sector governance with a view to improving transparency and accountability in public financial management and enhancing the business environment; and (ii) develop roads and rural community infrastructure. To achieve this objective, the Bank hopes to draw benefit from opportunities in the country in terms of progress in the national reconciliation process, the agricultural potential, as well as its position as a preferred transit zone in the region and on the continent. The Bank’s strategic approach will be based on the following two pillars: **(i) Pillar I: Promote good governance in the public sector; and (ii) Pillar II: Develop basic infrastructure.**

Strategic Objectives Pursued by the Bank

3.1.3 **The strategic objective of the first pillar is to promote good governance in the public sector by building the capacities of the Government to conduct and implement public policies.** The Bank hopes to achieve this objective by improving: (i) transparency and accountability in the management of public finance and its efficiency; and (ii) the business climate for the private sector. The support envisaged by the Bank for this pillar will consolidate the outputs of the Governance Reform Support Programme (PARG), whose implementation the Bank supported through PARG I. This pillar is aligned with the first area of focus of SNRP II relating to Governance.

3.1.4 **The strategic objective of the second pillar is to develop basic infrastructure in order to create conditions for sustained and diversified economic growth.** The Bank hopes to achieve this objective by: (i) enhancing the diversification of the economy through improved rural infrastructure to increase agricultural yields and ensure better management and sustainable development of agro-pastoral and transhumance resources; (ii) strengthening the road network in order to open up farming areas and provide a link between Chad and other countries in the sub-region, and thereby enhance regional integration; and (iii) improving access to other basic services through the development of community water, electricity and telecommunication infrastructure. This pillar is aligned with the second and fourth area of focus of SNRP II relating to growth, infrastructure development, employment, and private sector promotion.

Selectivity/complementarity of interventions, country allocations and participatory process

3.1.5 **To ensure selectivity and complementarity, the Bank’s interventions will be limited to five national operations in two sectors and enhance the actions of the key TFPs involved in the two pillars of the strategy¹¹.** Under the national interventions, the Bank hopes to undertake two operations in the governance sector (Pillar 1) and to support the Government’s

¹¹ Annex I-D provides details on the intervention areas of the major TFPs.

reforms in this area. These operations will also strengthen actions undertaken by the WB under the Action Plan for the Modernization of Public Finance (PAMFIP) launched in June 2009. Furthermore, the Bank's support will buttress implementation of the reforms under a possible IMF-backed PRGF as from 2010. **However, if the PRGF is not signed in 2010, the Bank will substitute the policy-based dialogue instrument initially proposed for 2010 with an institutional support instrument aimed at continued building of the Government's capacities.** In the infrastructure sector (Pillar 2), the Bank hopes to carry out three national operations in rural, water/sanitation and electricity sector (see Table 3). Under this pillar, support will be given for the implementation of three international operations from which Chad will benefit under the Bank's support to regional integration in Central Africa. These interventions are complementary to those of the AFD and the EU in water (rural water supply programme) and road sectors (Koumra-Abéché road programme) respectively.

Table 3
Indicative Lending Programme of 2010-2014 CSP

3.1. National Operations					
	2010	2011	2012	2013	2014
PILLAR I : PROMOTE GOOD GOVERNANCE					
Policy-based Dialogue Programme 1	10				
Policy-based Dialogue Programme 2			10		
PILLAR II : DEVELOP BASIC INFRASTRUCTURE					
Rural water supply support project				10	
Potable water, sanitation and electrification programme			14.8		
Rural infrastructure development project		15			
Total	10	15	24.8	10	
3.2. Multinational Operations					
	2010	2011	2012	2013	2014
PILLAR II : BASIC INFRASTRUCTURE DEVELOPMENT					
Ouesso-Bangui-N'Djamena road study	0.5*				
Ouesso-Bangui-N'Djamena road project				10*	
Fibre optic project (CAB)		6*			
Chad-Cameroon electricity interconnection project					10*
Total	0.5	6		10	10
* Chad's contribution represents 1/3 of its share in the multinational project					
3.3. Summary of Bank's operations					
	2010	2011	2012	2013	2014
Grand Total	10.5	21	24.8	20	10

3.1.6 The 2010-2014 CSP will be implemented over three ADF cycles: the last year of ADF 11, the 3 years of ADF 12 and the first year of ADF 13. Under ADF 11, Chad received UA 42.55 million allocation based on its performance for the 2008-2010 period. During the period of implementation of 2005-2009 CSP, the country also received resource allocations for regional operations for UA 64.7 million (cf. Annex I-B, 2). Under the current CSP, the ADF resources will be used in financing only public sector operations. The Bank Group's private sector window could be requested to finance viable non-sovereign operations. Chad also receives resources under the third window of the Fragile States Facility (FSF) and bilateral funds that could be used to support complementary public sector capacity building programmes, as well as the establishment and operationalization of the EITI Commission.

3.1.7 **The CSP was prepared through participatory dialogue involving the Government, the civil society, private sector and major donors (IMF, WB, EU, AFD and UN agencies) present in Chad.** During this consultation, which took place from 5 to 17 July 2009, the Bank and the Government teams discussed the strategic orientations of the CSP, the Government's national programme contained in its SNRP II, the medium-term prospects of the Chadian economy, the status of the Bank's portfolio, and lessons learnt. At the end of the consultations, the parties agreed on the future priorities and interventions of the Bank, the framework of the CSP results, including performance indicators, and the monitoring-evaluation mechanisms of implementation. The strategy was also presented to the Government and other stakeholders (public institutions, civil society, private sector and TFPs) during a validation seminar in N'Djamena on 16 October 2009. Participants in the seminar adhered to the strategic orientations of 2010-2014 CSP by noting the relevance of the two intervention pillars of the Bank. Furthermore, they commended the consistency between the CSP strategic priorities and those of SNRP II.

3.2 EXPECTED OUTCOMES AND TARGETS (quantified and measured outcomes in Annex I-A)

Project Activities

3.2.1 The present Bank Group strategy seeks to:

- **Enhance transparency and accountability in public financial management:** Through this, the Bank will foster improvement of transparency, effectiveness and cost of public procurement, improvement of expenditure programming in priority sectors and operationalization of the MTEF in the entire public sector, improvement of oil revenue management, and reduction of corruption. As regards public procurement, the Bank's intervention will contribute to building the capacities of the stakeholders concerned, and promote the transparency of practices, as well as the regulation of the sector. With respect to the MTEF, the Bank's intervention will help to increase budgetary allocations in priority sectors and their programming within a medium term framework based on the outcomes of SNRP II. With regard to the management of the oil revenue, the Bank will lend its support to the Government in its efforts to adhere to the EITI. To that end, in collaboration with other development partners, the Bank will support the establishment, capacity building and operationalization of the EITI Steering Committee. As regards corruption, the Bank's intervention will help to bolster the cross-cutting anti-corruption policy in consultation with other donors.
- **Improve the private sector business environment:** Through this, the Bank will aim at strengthening the judicial system and improving public-private partnership so as to enhance the quality of public investments and reduce administrative impediments to private investments. The Bank's involvement in this sector will be in close collaboration with the Organization of Non-Government Stakeholders of Chad (OANET) – whose aim is to strengthen relations between the authorities and local associations.

- **Strengthen economic diversification by improving rural infrastructure with a view to increasing crop yields and ensuring better management and sustainable development of agro-pastoral and transhumance resources.** The Bank's support will be geared towards increased agricultural productivity through the development of irrigation schemes around Lake Chad and along the Chari and Logone rivers, as well as appropriate sites. The Bank's assistance will also contribute to reducing conflicts between graziers and farmers through the creation of transhumance corridors with watering points, as well as the provision of support and supervision by livestock technicians.
- **Strengthen the national and international road network for the internal and external opening up of the country to facilitate the haulage of local produce and enhance regional integration.** Through this outcome, the Bank will support the Government's policy aimed at the development of transport infrastructure in the south of the country – which is a key economic centre in view of its agricultural and petroleum activities – in order to provide outlets for local produce to large consumption centres. The Bank's intervention will also foster improvement of Chad's integration into the region through the construction of transnational highways linking the country to other Central African countries, thereby providing the missing links in the Tripoli-Cape Town Trans-African corridor.
- **Improve access to basic services through development of community water, electricity and telecommunication infrastructure.** The Bank's strategy will consist in pursuing support to rural and semi-urban areas. It will focus on water supply and improvement of sanitation in rural areas to enable Chad to achieve the MDGs for access to drinking water by 2015 (increase access from 50% in 2009 to 60% by end 2014). The Bank's intervention will also promote access by rural areas to energy through the electrification of at least seven secondary centres. Lastly, the Bank's support will help to establish a high speed telecommunication network and improve tele-density and Internet service penetration.

Non-Project Activities

3.2.2 As regards non-project activities, the Bank hopes to undertake two analytical studies in collaboration with the Government and other partners on major constraints on growth (in 2010) and on diversification of the agricultural sector and private sector development (in 2011). These studies will help to address the following concerns: (i) updating of data on sources of growth; (ii) defining areas of diversification of the economy based on growth areas of the rural sector; and (iii) improving basic knowledge of the Government and the Bank on the country in order to guide the Government's national strategy, as well as future interventions of the Bank in the country.

Potential activities for private sector development

3.2.3 By strengthening governance and basic infrastructure, the present strategy will contribute to creating appropriate conditions for private sector development. It will contribute to strengthening the facilitation and regulatory role of the authorities in order to establish a business-friendly environment. It will also contribute to putting in place basic infrastructures that will be needed for private sector development through diversification activities mentioned previously. To that end, the ideas of studies and viable projects of the private sector in various areas (livestock, textile, farm equipment assembly, production of fruit juices, refinery, etc.) could be examined by the Bank's private sector window.

3.3 CSP MONITORING AND EVALUATION

The results-based framework presented in Annex I-A, which summarizes the interventions and outcomes of the strategy, will be used as a tool for monitoring the outcomes of the two pillars at mid-term and end of the strategy. It draws on the SNRP II monitoring matrix formulated by the Government and discussed with the various development partners. With the building of the capacities of the Field Office, the implementation of the Bank portfolio and strategy will be monitored more closely. This will be conducted regularly through existing partnership frameworks between the Government and the TFPs during IMF and WB missions and the Bank supervision and review missions of the operations. Monitoring of the CSP outcomes will be essentially based on the Government's SNRP II monitoring-evaluation systems (Economic Unit¹² and Poverty Observatory), that will be responsible for coordination with the sector Ministries. The Bank will also work with these structures to regularly prepare project implementation monitoring reports of the portfolio as part of joint quarterly reviews conducted with the Bank's Country Office. These reports will be key elements to consider during the review of the CSP.

3.4 COUNTRY DIALOGUE ISSUES

Dialogue between the Bank and the Government will focus on reforms in governance, institutional framework for the monitoring-evaluation of SNRP II, and promotion of social protection, environmental protection, transparency in the management of extractive resources and management of the Bank Group portfolio. The Bank will enhance dialogue with the authorities to: (i) encourage the implementation of reforms, since increased efforts in the area will be critical for mobilization of the concerted TFP support to the Government's development agenda.; (ii) ensure operationalization of the institutional framework for the monitoring-evaluation of SNRP II and the MDGs to meet the key challenges of growth and poverty reduction; (iii) facilitate the enactment of the Persons and Family Code to ensure greater social protection, particularly for women; (iv) encourage implementation of environmental protection programmes in oil producing areas, as well as implementation of reforms under the EITI; (v) improve the quality of the portfolio and implementation of operations through: (a) the resolution of major generic problems of projects (lack of familiarity with disbursement and goods and service procurement rules, failure to conduct project audits,

¹² The Economic Unit is the public entity in charge of the monitoring of public reforms. It depends on the Ministry of Economy and Planning.

and unavailability of the Government's counterpart funds); and (b) establishment of a *readiness filter* to ensure that the major elements for the implementation of projects are in place at the time of appraisal¹³.

3.5 POTENTIAL RISKS AND MITIGATION MEASURES

Implementation of the 2010-2014 CSP faces security, electoral and economic risks that are mitigated by the 2008 Libreville agreements, the creation of CENI and implementation of reforms under the IMF staff-monitored programme in 2009 and 2010. As regards security, the Government and the four major rebel movements in the country signed a peace agreement in Sirt, Libya, in 2007, which included the disarmament of rebel movements and their integration into the regular armed forces. However, this agreement was implemented by only one of the four signatory factions. Consequently, there are risks of resumption of rebel attacks. Nonetheless, these risks are mitigated by the cessation of hostilities in the Darfour region, peace talks between Chad and Sudan under the auspices of the African Union, and the signing of the ceasefire and global peace agreement between the Government and the major factions of the rebellion in 2008. With regard to elections, the holding of legislative and presidential elections in 2010 and 2011 respectively presents the risk of: (i) increased unrest and violence, particularly with regard to acceptance of the results by the various factions; and (ii) public expenditure slippages. However, this risk is mitigated by: (i) the dialogue between the authorities and the opposition that led to the creation of CENI in July 2009 to prepare the elections; and (ii) the existence of an IMF staff-monitored budgetary framework. At the economic level, the structural decline in oil production on the Doba site could hamper the Government's capacity to mobilize sufficient financial resources through medium/long term oil revenue. However, this risk is mitigated by the impending production from new fields on the Bongor block. Furthermore, the persistence of the global economic crisis, particularly the worldwide decline oil demand in 2010 and beyond, could limit the Government's capacity to implement SNRP II. However, the risk is mitigated by the projected economic recovery at the international level and measures contained in the IMF staff-monitored programme.

IV. CONCLUSION AND RECOMMENDATION

The 2010-2014 CSP proposes a strategy aimed at consolidating the outcomes of the previous CSP. It draws on the strengths and opportunities open to Chad to overcome challenges and weaknesses in governance and basic infrastructure and to create the conditions for sustained and diversified growth that is conducive to private sector development. The Government of Chad shares this approach, as well as the interventions proposed by the Bank to support implementation of SNRP II. In light of the foregoing, it is recommended that the Boards of Directors should approve the strategy proposed in this CSP for Chad, which covers the 2010-2014 period.

¹³ These include: the preparation of a project implementation plan, availability of counterpart funds in the first year, identification of the project staff, compliance with environmental and social policies, preparation of bidding documents for the first year of the project and preparation of appropriate indicators for monitoring project outputs.

ANNEX I-A
RESULTS-BASED CSP 2010-2014 FRAMEWORK

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	<u>Final Outcomes (expected by the end of RBCSP period in 2014)</u>	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	<u>Mid-Term Outcomes (expected at RBCSP mid-term by 2012)</u>	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
PILLARI I : PROMOTE GOOD GOVERNANCE IN THE PUBLIC SECTOR BY BUILDING THE CAPACITIES OF THE GOVERNMENT IN THE IMPLEMENTATION OF PUBLIC POLICIES (aligned with Thrust 1 of SNRP II relating to Governance)						
<ul style="list-style-type: none"> - Strengthen public financial management to ensure greater transparency and effectiveness. - Improve the running of public administration. - Improve the legal and judicial system. - Fight against corruption. - Improve the private sector business environment. - Promote regional cooperation. - Implement, monitor and evaluate SNRP II. 	<ul style="list-style-type: none"> - The armed conflicts in recent years have created a climate of insecurity and political instability in the country. - Public administration is marked by weak institutional, technical and human capacities. - Delays in procurement procedures and lack of competitiveness resulting in increased project costs - The MTEF is not operational. - Chad is not yet a fully fledged member of the EITI 	<p><u>Enhancing transparency and accountability in public financial management.</u></p> <ul style="list-style-type: none"> - Transparency, effectiveness and cost of public procurement have improved. - The planning of expenditures in the priority sectors has improved and the MTEF is operational throughout the public sector. <p>- Management of oil revenues has</p>	<ul style="list-style-type: none"> - The manual of procurement procedures is in place and operational. - The time taken by COJOs to process files has improved from 3 months in 2012 to 0.5 month by 2014. - Priority sector expenditure allocations accounting for at least 50% of budgetary credits are based on a medium-term framework of the results of the SNRP II. - At least 10 sector MTEFs based on expenditure reviews are conducted annually. - The EITI Steering Committee is operational. - Payments made by enterprises to governments, for oil development and revenues received by 	<ul style="list-style-type: none"> - The Public Procurement Regulatory Authority (ARMP) is in place and operational. - The procurement code is revised to better reflect the realities of the country. - The MTEF is operational in the priority sector Ministries. 	<ul style="list-style-type: none"> - Time taken by the COJOs has improved from 7 months 2009 to 3 months by 2012. - The proportion of contracts signed by direct negotiation has reduced from 70% in 2009 to a maximum of 15% by 2012. - Public procurement audits are conducted in the priority ministries on annual basis and the recommendations implemented - Implementation of the strategic training plan is satisfactory - Priority sector expenditure allocations accounting for at least 50% of budgetary credits are based on the MTEF and mostly on the priorities of the SNRP2. - At least 5 sectoral MTEFs based on expenditure reviews are conducted annually. - A steering committee for the EITI has been put in place and a high-level representative is appointed to manage the implementation of the EITI. - An EITI work plan with measurable targets, an 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Support to balance of payments proposed for 2010, UA 10 million under ADF 11. - Policy-based dialogue programme proposed for reform in 2012, UA 10 million under ADF 12. <p>Ongoing Interventions:</p> <ul style="list-style-type: none"> - PARG I, approved in June 2005, UA 20.5 million under ADF 10.

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
	<ul style="list-style-type: none"> - In the area of governance, Chad ranks lower than the average of Sub-Saharan Africa in terms of accountability, effectiveness, rule of law, and perception of corruption - The business climate is not conducive for the private sector (out of a group of 181 countries, Chad ranks 175th on the Ease of Doing Business Index in 2009). 	<p>improved.</p> <ul style="list-style-type: none"> - Corruption is on the wane in the public sector. <p><u>Improve private sector business environment.</u></p> <ul style="list-style-type: none"> - The judicial system is strengthened to promote a private sector friendly environment. - The public/private partnership is 	<p>governments from oil companies are published and disseminated regularly to the public in an accessible, comprehensive and comprehensible format.</p> <ul style="list-style-type: none"> - Laws on illicit wealth acquisition as well as implementing instruments and regulations on asset declaration formulated. - A manual of public sector financial control and auditing procedures is adopted. - The following instruments and laws are passed: an instrument on the organization and operation of the criminal record, law on the status of judges, law on enforceable sanctions on violations under the OHADA uniform acts, decree on the pricing of notarial acts, pricing of bailiff acts, instrument on legal assistance and compliance of national regulations with ratified international agreements. 	<ul style="list-style-type: none"> - Chad is a full-fledged candidate of the EITI. - A framework for combating corruption has been put in place. - Processing of court cases is strengthened and justice is brought increasingly closer to the public. 	<p>implementation timetable and an assessment of capacity (government, private sector and civil society) is prepared and published.</p> <ul style="list-style-type: none"> - A national anti-corruption strategy is implemented satisfactorily. - 3 Appeal courts are in place in Moundou, Abeche and Koumra. - A training plan for judicial sector professionals has been implemented satisfactorily 	

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
		strengthened.	<ul style="list-style-type: none"> - The national investment charter provides for tax and customs breaks and other private sector inducements. - The one-stop shop of the National Investment and Export Promotion Agency is operational. 	<ul style="list-style-type: none"> - Partners hip between the public sector and NGO has improved. 	<ul style="list-style-type: none"> - The Organization of Non-State Actors of Chad (OANET) – aimed at strengthening relations between the authorities and local associations-- is operational. - Most operations financed by donors involve NGOs and other local partners in the implementation of development programmes and projects. 	
PILLAR II : DEVELOP BASIC INFRASTRUCTURE TO CREATE CONDITIONS FOR SUSTAINED AND DIVERSIFIED ECONOMIC GROWTH (aligned with Thrusts 2 and 4 of SNRP II relating to growth, infrastructure development and employment promotion)						
<i>Thrust 2.1 : Development of rural, pastoral and transhumance infrastructure to boost growth and strength social cohesion among rural communities</i>						
<ul style="list-style-type: none"> - Improve agricultural productivity by developing surface water resources through less costly irrigation schemes that are easy for the producers to maintain. - Develop pastoral infrastructure and improve the development and management of relevant resources. 	<ul style="list-style-type: none"> - Weak rural community facilities (water, electricity, pastures, transhumance corridors, etc.). 	<p><u>Boost economic diversification by improving rural infrastructure to increase outputs and ensure better management and sustainable development of agro-pastoral and transhumance resources.</u></p> <ul style="list-style-type: none"> - Development of irrigation schemes around Lake Chad and along the Chari and Logone rivers and other appropriate sites has been carried out. - Conflicts between 	<ul style="list-style-type: none"> - 9000 ha comprising 3000 under complete control and 6000 under partial control are developed. - Studies or construction works have been carried out for at least 10 dams and/or artificial ponds. - At least 45 pastoral wells, 25 pumping stations and 15 dam ponds have been constructed. 	<ul style="list-style-type: none"> - A third of the developments of irrigated schemes around Lake Chad and along the Chari and Logone rivers and other appropriate sites has been completed. 	<ul style="list-style-type: none"> - 3000 ha comprising 1000 under total control and 2000 under partial control have been developed. - At least 15 pastoral wells, 10 pumping stations and 5 artificial ponds have been constructed. 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Irrigation, pastoral and transhumance development project, proposed for 2011, UA 15 million under ADF 12. <p>Ongoing Interventions:</p> <ul style="list-style-type: none"> - Runoff development project in 4 prefectures, approved in April 1998, UA 11.9 million under ADF 7. - Lake Chad prefecture rural development project approved in March 1999, UA 17.3 million under ADF 8. - Biltine rural development project approved in September 2001 under ADF 8. - Pastoral livestock system support project, approved in December 2002, UA 15.6

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
		farmers and herdsmen have been reduced with the creation of transhumance corridors equipped with watering points and the assistance of livestock technicians.	- At least 200 technicians have been recruited and a training scheme for 60 technical supervisors is in place to assist the herdsmen.		- 100 livestock technicians and 30 technical supervisors have been trained.	million under ADF 9.
<i>Thrust 2.2 : Development of cross-border roads to open up the country and promote regional integration</i>						
<ul style="list-style-type: none"> - Maintain the existing road network. - Open up the country both externally and internally. - Improve and promote road safety. 	<ul style="list-style-type: none"> - Inadequate road infrastructure for opening up the production area and linking the country with its trade partners of the region. 	<p><u>Strengthen the national and transnational road network to open up the country internally and externally for local production and regional integration.</u></p> <ul style="list-style-type: none"> - Access and mobility of the rural communities in the South of Chad (Mandoul and Middle-Chari) have improved. - Chad is linked to Central Africa and Congo. 	<ul style="list-style-type: none"> - 110 km of 7m wide roads are developed and tarred between Koumra and Sarh. - 111 km of feeder roads are rehabilitated on the Koumra-Sarh section. - The Ouesso-Bangui-N'Djamena road works have commenced. 	<ul style="list-style-type: none"> - Trade between Cameroon and Chad have improved. 	<ul style="list-style-type: none"> - A 2-lane 230m long bridge is constructed on the Logone at the Cameroon-Chad - Study of the Ouesso-Bangui-N'Djamena multinational road project has been completed. 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Study of the Ouesso-Bangui-N'Djamena multinational road project, proposed for 2010, UA 0.5 million under ADF FAD 11. - Ouesso-Bangui-N'Djamena multinational road project, proposed for 2013, UA 10 million under ADF 12. <p>Ongoing Intervention:</p> <ul style="list-style-type: none"> - Multinational transport facilitation project approved in May 2007, UA 19 million under ADF 10. <p>Koumra-Sarh road project, approved in 2009, UA 31 million under ADF 11.</p>

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
<i>Thrust 2.3 : Water, Sanitation, Energy and Telecommunication I infrastructure Development</i>						
<ul style="list-style-type: none"> - Supply the villages, urban and semi-urban centres with potable water. - Cover livestock water needs. - Maintain water facilities. - Promote hygiene education through the construction of latrines. - Facilitate access by the majority of the population to electricity. - Improve access to Internet. - Reduce telecommunication costs. 	<ul style="list-style-type: none"> - Multiplicity of actors in water resource management and weak coordination between the various institutional actors. - Inadequacy of financial, material and human resources in relation to the needs of the rural sector. 	<p><u>Improve access to basic services through the development of community water, electricity and telecommunication facilities.</u></p> <ul style="list-style-type: none"> - Chad is on track to achieving the MDG on access to potable water by 2015. - Access by rural areas to electricity has improved. - A high speed fibre optic telecommunication network is in place. - Tele-density and rate of penetration of internet services has increased. 	<ul style="list-style-type: none"> - Rate of access to potable water reached 60% by end 2014. - The proportion of the population with access to adequate sanitation grows from 30% in 2009 to 50% by 2014. - At least 7 secondary centres have access to electricity. - Decrease in the costs of telecommunications (from US\$ 10,000 per Mbs in 2007 to less than US\$ 2000 in 2014) - Greater penetration of internet services and greater tele-density (over 50% compared to 2007) 	<ul style="list-style-type: none"> - Rate of access to adequate sanitation service reaches 30% at end 2012. - Reliable information on the water facilities of Chad is available. 	<ul style="list-style-type: none"> - 500 latrines have been built and 856 boreholes fitted with hand pumps constructed. - Databank on water facilities is updated. 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Water supply, sanitation and electrification programme, proposed for 2012, UA 14.8 million under ADF 12. - Rural water supply support project, proposed for 2013, UA 10 million under ADF 12. - Cameroon-Chad multinational power interconnection project proposed for 2014, UA 10 million under ADF 13. - CAB Project co financed with the WB for the implementation of the high speed fibre optic network: contribution by Chad: UA 6 million under ADF 12. <p>Ongoing Interventions:</p> <ul style="list-style-type: none"> - PPF of the potable water supply, sanitation and electrification programme, approved in February 2005, UA 0.4 million under ADF 10. - Potable water supply programme, approved in July 2006, UA 13 million under ADF 10.

**ANNEX I-B
BANK GROUP OPERATIONS**

1. ONGOING NATIONAL OPERATIONS AS AT 31 AUGUST 2009

No.	Name of Project	Effectiveness Date	Commit (UA)	Amt. Disb. (UA)	% disb.	Closing Date
Agricultural Sector			40.840.000	14.750.088	36,12	
1	Biltine Department development project (PDRDB) LOAN	5/22/2003	9.000.000	5.266.572.75	58,52	12/31/2009
2	Pastoral livestock system support project (PASEP) LOAN	9/17/2003	14.640.000	6.308.428,61	43,09	12/31/2009
	Pastoral livestock system support project (PASEP) GRANT	5/8/2003	930.000	347.997,57	37,42	12/31/2009
3	Natural resource development and management project (PGRN) LOAN	2/16/2006	4.270.000	467.614,24	10,95	12/31/2012
	Natural resource development and management project (PGRN) GRANT	5/19/2005	2.000.000	769.465,22	38,47	12/31/2012
4	Fisheries development project (PRODEPECHE) GRANT	11/23/2005	10.000.000	1.590.009,31	15,90	12/31/2012
Water and Sanitation Sector			13.810.538	1.952.979,95	14,14	
5	National rural water and sanitation programme (PNEAR) GRANT	10/27/2006	13.000.000	1.406.135,06	10,82	12/31/2011
6	PPF Drinking water supply , sanitation and electrification programme.(PAEPE) GRANT	11/10/2006	390.775	289.137,29	73,99	5/31/2009
7	Water facilities inventory project (PIOH) GRANT	5/14/2008	419.763	257.707,60	61,39	6/30/2010
Transport Sector			31.600.000	0	0,00	
8	Koumra – Sahr road asphaltting project. GRANT	6/2/2009	31.600.000	0,00	0,00	12/31/2013
Social Sector (Education and Health)			15.131.000	9.084.645,15	60,04	
9	Technical education and vocational training strengthening project (Education V) LOAN	2/21/2001	5.431.000	4.007.798,51	73,79	12/31/2009
	Technical education and vocational training strengthening project (Education V) GRANT	5/29/2001	1.300.000	1.212.879,34	93,30	12/31/2009
10	Education sector support project (PASE) GRANT	5/26/2004	2.400.000	600.046,87	25,00	6/30/2010
11	Health and HIV/AIDS control support project (Health II) LOAN	11/20/2002	5.000.000	2.616.150,98	52,32	12/31/2009
	Health and HIV/AIDS control support project (Health II) GRANT	12/20/2001	1.000.000	647.769,45	64,78	12/31/2009
Multisector (institutional support and reform)			2.930.000	1.104.563	37,70	
12	Policy dialogue in governance (PARG I) (institutional) GRANT	11/23/2005	2.930.000	1.104.563,46	37,70	5/31/2009
Grand TOTAL			104.311.538	26.892.276	25,78	
Total LOAN			38.341.000	18.666.565	48,69	
Total GRANT			65.970.538	8.225.711	12,47	

2. ONGOING MULTINATIONAL OPERATIONS AS AT 31 AUGUST 2009

Name of Project	Effectiveness Date	Commit (UA)	Amt. Disb. (UA)	% disb.	Closing Date	
1	Lake Chad Basin development programme / MULTINATIONAL GRANT	12/19/2008	30,000,000	200,161.51	0,67	12/31/2015
2	Cotton industry support project /MULTINATIONAL GRANT	2/8/2007	5,000,000	146,457.25	2,93	12/31/2013
3	Lake Chad water charter project GRANT	7/6/2007	728,135	583,803.00	80,18	3/31/2009
4	Transport facilitation programme / MULTINATIONAL GRANT	3/5/2008	19,000,000	0.00	0,00	12/31/2011
5	Lake Chad Basin Initiative support project (PAIBLT) / MULTINATIONAL GRANT	11/10/2006	10,000,000	3,313,620.35	33,14	12/31/2011
Total			64,728,135	4,244,042	6,56	

3. SUMMARY TABLE OF ONGOING OPERATIONS AS AT 31 AUGUST 2009

Description	ADF Commi (UA)	Amount Disbursed (UA)	% disb.
Total national operations	104.311.538	26.892.276	25,78
Total multinational operations	64.728,135	4,244,042	6,56
Grand total	169,039,674	31,136,318	18,42
Total LOAN	38,341,000	18,666,565	48,69
Total GRANT	130,698,674	12,469,753	9,54

ANNEX 1-C
PORTEFOLIO PERFORMANCE INDICATORS BY SECTOR (AS AT 31 AUGUST 2009)

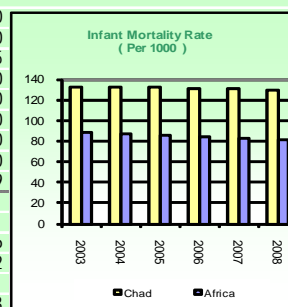
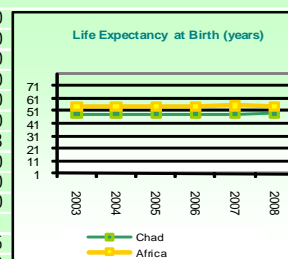
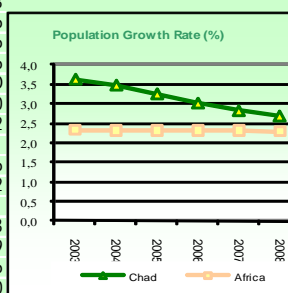
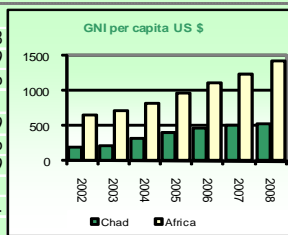
Projects	Net commit. (in UA thousand)	Amount disbursed (in UA Thousand)	% Disbursed	Number of extensions	Age (yr)	Relat. Age (yr)	Adherence to conditions	Procurement of goods and services	Financial Performance	Activities and works	Impact on devmt	Overall assessment	Status
AGRICULTURE & RURAL DEV SECTOR													
PDRDB	9,000	4,804	53.39	1	7.8	1.30	1.67	1.50	2.00	2.00	2.33	1.90	PPP
PASEP	15,570	5,543	35.61	0	6.8	1.13	2.00	2.50	2.00	1.75	2.00	2.05	NON PPP
PGRN	6,270	1,156	18.44	0	4.2	0.70	3.00	2.00	1.40	1.50	2.33	2.05	NON PPP
PRODEPECHE	10,000	1,505	15.06	0	3.7	0.62	2.33	2.33	2.00	2.00	2.33	2.13	NON PPP
TOTAL AGRICULTURE & RURAL DEV												2.03	
WATER & SANITATION SECTOR													
PNEAR	13,000	1,328	10.22	0	3.0	0.60	2.33	1.00	1.75	1.50	2.66	1.94	NON PPP
PIOH	439	269	61.35	0	1.5	3.00	1.66	1.50	2.25	1.00	2.66	1.93	NON PPP
TOTAL WATER & SANITATION												1.94	
HEALTH & EDUCATION SECTOR													
Education V	6,731	5,220	77.56	2	8.4	1.68	2.00	2.00	1.75	1.75	2.00	1.90	PPP
PASE	2,400	600	25.00	0	4.1	0.82	2.00	2.00	1.60	1.75	2.00	1.87	PPP
Health II	6,000	2,341	39.03	2	7.6	1.52	1.00	2.50	2.00	2.00	3.00	2.05	PPP
TOTAL HEALTH & EDUCATION												1.94	
MULTISECTOR													
PARG I (institutional component)	2,930	1,068	36.47	1	3.7	0.93	2.33	1.50	1.75	1.5	1.33	1.69	PPP
TOTAL MULTISECTOR												1.69	
REVISED GRAND TOTAL 2009	72,340		32.95		5.00		2.03	1.85	1.85	1.68	2.26	1.95	
REVISED GRAND TOTAL 2006	98.41		40.18		6.3		1.3	1.3	1.24	1.52	1.43	1.37	

ANNEX 1-D
TFP INTERVENTION AREAS IN 2008

PTF	EU	ADB	WB	AFD	CS	KWF-GTZ	UNDP
Infrastructure Sector							
Agriculture & Rural Dev	X	X	X		X	X	
Transport & Infrastructure	X	X	X	X	X		
Water and Sanitation	X	X		X		X	
Social Sector							
Education		X	X	X		X	
Health	X	X		X	X		
Governance Sector	X	X	X	X	X		X

ANNEX II-A
Chad
COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Chad	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		1 284	30 323	80 976	54 658
Total Population (millions)	2008	10,9	986	5 523	1 229
Urban Population (% of Total)	2008	27,0	39,1	44,2	74,6
Population Density (per Km ²)	2008	8,6	32,6	66,6	23,1
GNI per Capita (US \$)	2008	530	1 428	2 405	38 579
Labor Force Participation - Total (%)	2008	40,0	42,3	45,6	54,6
Labor Force Participation - Female (%)	2008	48,8	41,1	39,7	44,9
Gender -Related Development Index Value	2005	0,370	0,482	0,694	0,911
Human Develop. Index (Rank among 182 countries)	2007	175	n.a.	n.a.	n.a.
Popul. Living Below \$ 1 a Day (% of Population) ▼	2005	...	34,3	25,0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2008	2,7	2,3	1,4	0,3
Population Growth Rate - Urban (%)	2008	4,5	3,3	2,5	0,6
Population < 15 years (%)	2008	45,8	56,0	40,0	16,6
Population >= 65 years (%)	2008	2,9	4,5	3,3	15,6
Dependency Ratio (%)	2008	95,9	78,0	52,8	49,0
Sex Ratio (per 100 females)	2008	98,8	100,7	96,7	106,0
Female Population 15-49 years (% of total population)	2008	22,5	48,5	53,3	47,2
Life Expectancy at Birth - Total (years)	2008	48,8	54,5	65,7	77,1
Life Expectancy at Birth - Female (years)	2008	50,0	55,5	67,6	80,6
Crude Birth Rate (per 1,000)	2008	45,7	35,8	22,2	11,2
Crude Death Rate (per 1,000)	2008	16,7	12,4	8,1	10,1
Infant Mortality Rate (per 1,000)	2008	129,4	83,9	51,4	6,3
Child Mortality Rate (per 1,000)	2008	209,7	134,5	77,4	7,9
Total Fertility Rate (per woman)	2008	6,2	4,6	2,7	1,6
Maternal Mortality Rate (per 100,000)	2004	1099,0	683,0	450,0	9,0
Women Using Contraception (%)	2004	2,8	29,7	61,0	75,0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005	3,4	39,6	78,0	287,0
Nurses (per 100,000 people)*	2005	23,8	120,4	98,0	782,0
Births attended by Trained Health Personnel (%)	2004	14,4	51,2	59,0	99,0
Access to Safe Water (% of Population)	2006	48,0	68,0	62,0	100,0
Access to Health Services (% of Population) ▼	2005	...	61,7	80,0	100,0
Access to Sanitation (% of Population)	2006	9,0	37,6	53,0	100,0
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2005	3,5	4,5	1,3	0,3
Incidence of Tuberculosis (per 100,000)	2005	3,5	315,8	275,0	19,0
Child Immunization Against Tuberculosis (%)	2007	72,0	83,0	89,0	99,0
Child Immunization Against Measles (%)	2007	77,0	83,1	81,0	93,0
Underweight Children (% of children under 5 years)	2004	36,7	25,2	27,0	0,1
Daily Calorie Supply per Capita	2004	2 137	2 436	2 675	3 285
Public Expenditure on Health (as % of GDP)	2005	1,3	2,4	1,8	6,3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2007	74,0	99,6	106,0	101,0
Primary School - Female	2007	60,8	92,1	103,0	101,0
Secondary School - Total	2007	18,8	43,5	60,0	101,5
Secondary School - Female	2007	11,6	40,8	58,0	101,0
Primary School Female Teaching Staff (% of Total)	2007	13,4	47,5	51,0	82,0
Adult Illiteracy Rate - Total (%)	2005	...	38,0	21,0	1,0
Adult Illiteracy Rate - Male (%)	2005	...	29,0	15,0	1,0
Adult Illiteracy Rate - Female (%)	2005	...	47,0	27,0	1,0
Percentage of GDP Spent on Education	2005	1,9	4,5	3,9	5,9
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2007	3,4	6,0	9,9	11,6
Annual Rate of Deforestation (%)	2005	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2005	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2007	0,0	1,0	1,9	12,3



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update :

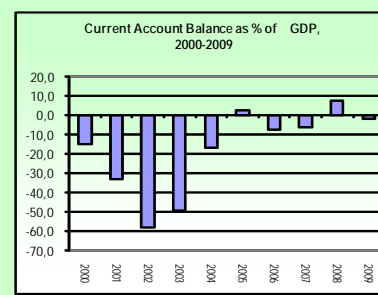
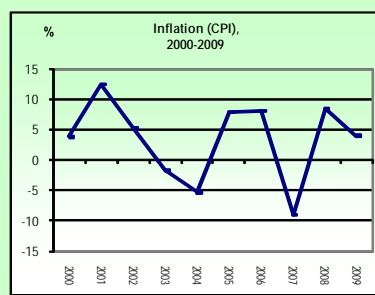
octobre 2009

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available.

ANNEX II-B
Chad
Selected Macroeconomic Indicators

Indicators	Unit	2000	2004	2005	2006	2007	2008	2009 (e)
National Accounts								
GNI at Current Prices	Million US \$	1 506	3 254	4 204	4 783	5 463	5 916	...
GNI per Capita	US\$	180	330	410	460	510	530	...
GDP at Current Prices	Million US \$	1 385,8	4 417,7	5 854,4	6 303,4	7 009,6	6 132,7	5 085,5
GDP at 2000 Constant prices	Million US \$	1 385,8	2 561,9	2 764,6	2 769,3	2 773,3	2 768,4	2 815,5
Real GDP Growth Rate	%	-0,5	33,7	7,9	0,2	0,1	-0,2	1,7
Real per Capita GDP Growth Rate	%	-3,8	29,2	4,5	-2,8	-2,6	-2,8	-0,9
Gross Domestic Investment	% GDP	17,5	27,2	25,2	15,6	16,1	9,2	10,4
Public Investment	% GDP	5,6	5,1	4,1	3,5	4,0	2,3	2,6
Private Investment	% GDP	12,0	22,2	21,1	12,1	12,0	6,9	7,9
Gross National Savings	% GDP	5,1	6,9	22,7	11,3	7,4	4,0	5,3
Prices and Money								
Inflation (CPI)	%	3,8	-5,3	7,9	8,0	-9,0	8,4	4,0
Exchange Rate (Annual Average)	local currency/US\$	712,0	528,3	527,5	522,9	479,3	447,8	485,5
Monetary Growth (M2)	%	19,4	3,5	31,3	52,3	9,8	13,6	-3,4
Money and Quasi Money as % of GDP	%	12,3	8,1	8,0	11,4	12,3	17,1	18,4
Government Finance								
Total Revenue and Grants	% GDP	13,6	15,4	12,9	19,5	25,8	27,0	22,3
Total Expenditure and Net Lending	% GDP	20,3	17,7	14,0	17,5	19,0	14,5	16,4
Overall Deficit (-) / Surplus (+)	% GDP	-6,8	-2,3	-1,1	2,0	6,8	12,4	6,0
External Sector								
Exports Volume Growth (Goods)	%	5,5	231,4	-0,6	-12,2	-8,2	-14,1	2,6
Imports Volume Growth (Goods)	%	2,9	-13,1	-21,7	0,2	-3,7	0,5	3,6
Terms of Trade Growth	%	-19,1	-16,8	13,6	-10,4	13,0	93,9	-21,8
Current Account Balance	Million US \$	-213,1	-756,8	140,6	-478,7	-476,0	462,0	-92,8
Current Account Balance	% GDP	-15,4	-17,1	2,4	-7,6	-6,8	7,5	-1,8
External Reserves	months of imports	2,8	1,0	1,0	2,3	3,2	3,9	2,8
Debt and Financial Flows								
Debt Service	% exports	12,8	2,2	1,7	2,1	1,6	3,2	2,8
External Debt	% GDP	72,8	37,1	27,8	28,6	25,2	25,0	30,1
Net Total Financial Flows	Million US \$	226,0	336,1	383,8	297,7	406,6	...	...
Net Official Development Assistance	Million US \$	130,2	330,5	380,5	283,7	351,6	...	...
Net Foreign Direct Investment	Million US \$	114,8	495,4	612,9	700,0	602,8	...	...



Source : ADB Statistics Department; IMF: World Economic Outlook, September 2009 and International Financial Statistics, October 2009;
ADB Statistics Department: Development Data Platform Database, October 2009. United Nations: OECD, Reporting System Division.

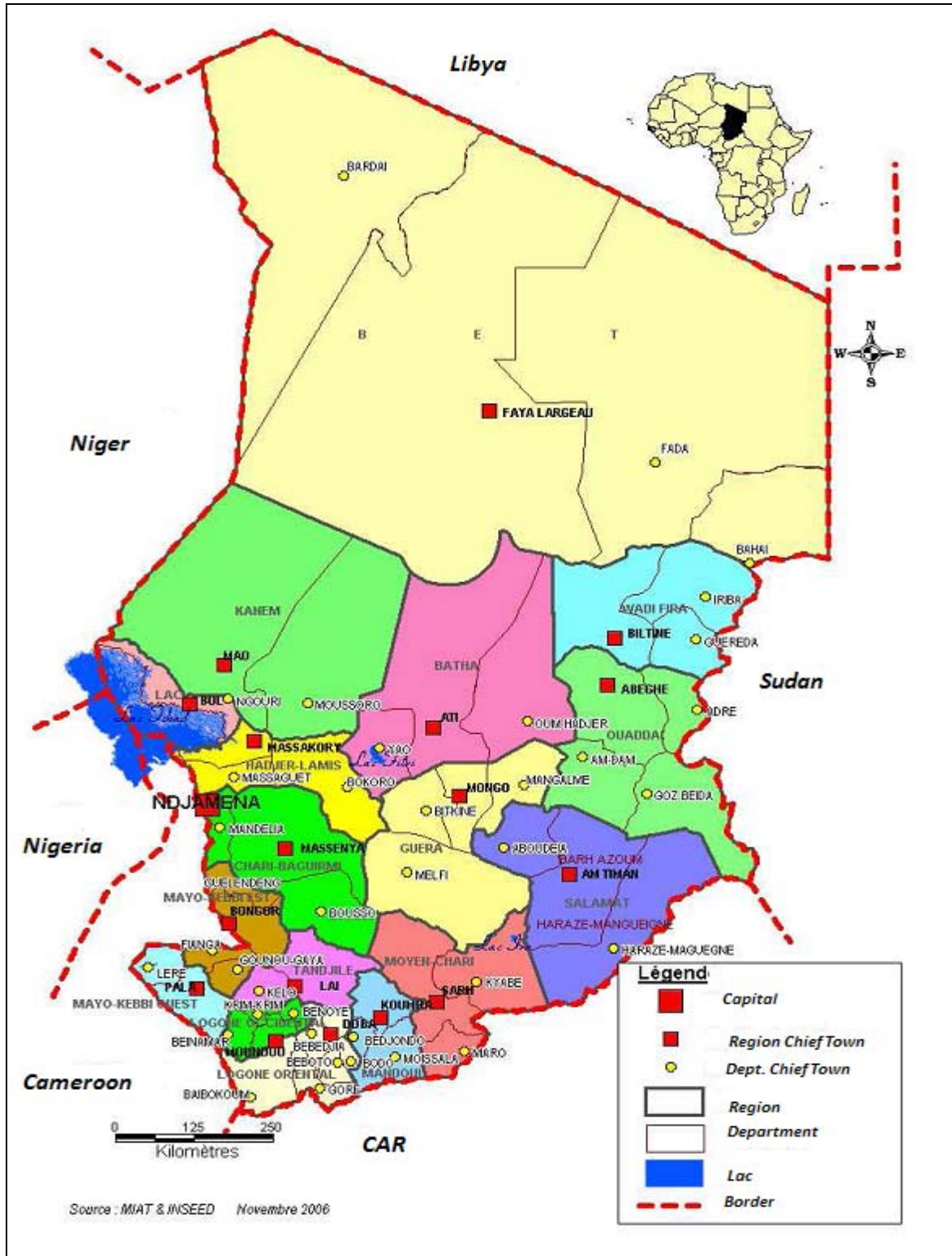
Notes: ... Data Not Available (e) Estimations

Last Update: October 2009

ANNEX III
MDG TREND IN CHAD

	1990	1995	2000	2007	
GOAL 1 : Eradicate extreme poverty and hunger					Unachievable
Employment/population ratio, +15years, total (%)	..	68	67	69	
Employment/population ratio, 15-24 years, total (%)	..	50	50	49	
GDP per person employed (% of annual growth)	..	-2	-4	-2	
Malnutrition prevalence, weight for age (% of under 5-year olds)	..	..	29.4	..	
Prevalence of undernourishment (% of population)	..	..	..	39	
Vulnerable employment, total (% of total employment)	..	94	..	..
GOAL 2 : Achieve primary education for all					Possible
Literacy rate, youth female (% of females aged between 15 and 24 years)	..	..	23	35	
Literacy rate, youth male (% of males aged between 15 and 24 years)	..	..	56	53	
Persistence to last grade of primary, total (% of cohort))	..	..	46	..	
Primary completion rate, total (% of relevant age group)	16	14	22	31	
Total enrolment, primary (% net)	..	..	53	..	
GOAL 3 : Promote gender equality and empower women					Possible
Proportion of seats held by women in national parliaments (%)	..	..	2	7	
Ratio of female/male enrolments in tertiary education	..	..	18	14	
Ratio of female/male enrolment in primary education	44	48	61	70	
Ratio of female/male enrolment in secondary education	..	..	28	45	
GOAL 4 : Reduce child mortality					Unachievable
Immunization, measles (% of children ages 12-23 months)	32	26	28	23	
Infant mortality rate (per 1,000 live births)	120	120	122	124	
Under-5 mortality rate (per 1,000 births)	201	202	205	209	
GOAL 5 : Improve maternal health					Unachievable
Adolescent fertility rate (births per 1,000 women aged 15-19 years)	..	..	191	164	
Births attended by skilled health staff (% of total)	..	..	16	..	
Contraceptive prevalence (% of women aged 15-49years)	..	..	8	..	
Maternal mortality rate (modelled estimates, per 100,000 live births)	..	..	..	1500	
Pregnant women receiving prenatal care (%)	..	..	42	..	
GOAL 6 : Combat HIV/AIDS, malaria and other diseases					Unachievable
Children under 5 with fever receiving anti-malarial drugs (%)	..	..	53	..	
Incidence of tuberculosis (per 100000 inhabitants)	125	181	262	299	
Prevalence of HIV, female (% ages 15-24)	..	..	..	2.8	
Prevalence of HIV, male (% ages 15-24)	..	..	..	2	
Prevalence of HIV, total (% of population ages 15-49 years)	0.7	2	3.3	3.5	
Tuberculosis cases detected under DOTS (%)	..	36	35	18	
OBJECTIF 7 : Ensure environmental sustainability/ Access to potable water					Possible
CO2 Emissions (kg per PPP \$ of GDP)	0	0	0	0	
CO2 Emissions (metric tons per capita)	0	0	0	0	
Forest area (% of land area)	10	10	10	9	
Improved sanitation facilities (% of population with access)	5	6	7	9	
Improved water source (% of population with access)	..	24	34	48	
Improved water source (% of total population)	..	..	..	9.1	
GOAL 8 : Develop a global partnership for development					Unachievable
Official development assistance (ODA) per capita (in US\$)	51	33	15	33	
Debt service (PPG and IMF, % of exports, excluding emigrant remittances)	4	8	14	2	
Internet users (per 100 people)	0	..	0	0.6	
Mobile cellular subscriptions (per 100 people)	0	0	0	9	
Telephone lines (per 100people)	0	0	0	0	
Other					Unachievable
Fertility rate, total (births per woman)	6.7	6.6	6.6	6.2	
GNI per capita, Atlas method (current US\$)	260	200	180	540	
GNI per capita, Atlas method current US\$) (billion)	1.6	1.5	1.5	5.8	
Gross capital formation (% of GDP)	6.8	13.2	23.3	19.1	
Life expectancy at birth, total (years)	51	52	51	51	
Literacy rate, adult (% of people, ages 15 and above)	..	12	26	32	
Population, total (million)	6.1	7.2	8.5	10.8	
Trade (% of GDP)	41.4	55.7	51.6	82.9	
Source: World Development Indicators database, World Bank. Italics indicate periods other than the one specified.					

ANNEX IV MAP OF CHAD



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REPUBLIC OF CHAD: COUNTRY STRATEGY PAPER (CSP) 2010-2014

CORRIGENDUM

1. Executive Directors would recall that during the discussions on the Cameroon CSP 2010-2014 held on November 17, 2009, they stresses the need to focus the Bank Group interventions on a limited number of sectors and larger operations so as to minimize the costs and maximize the impact of our support. This corrigendum is designed to address this concern with the view of improving selectivity and efficiency of the Bank Group operations in Chad.

2. In accordance with the Boards' recommendations, the Chad CSP 2010-2014 has been revised as indicated below. For a better reading, changes to the text are highlighted in *italic* font.

▪ PARAGRAPH 3.1.5 (PAGE 15)

TO READ: **“To ensure selectivity and complementarity, the Bank’s interventions will be limited to *three* national operations in two sectors and enhance the actions of the key TFPs involved in the two pillars of the strategy¹.** Under the national interventions, the Bank hopes to undertake *one operation* in the governance sector (Pillar 1) and to support the Government’s reforms in this area. *This operation* will also strengthen actions undertaken by the WB under the Action Plan for the Modernization of Public Finance (PAMFIP) launched in June 2009. Furthermore, the Bank’s support will buttress implementation of the reforms under a possible IMF-backed PRGF as from 2010. **However, if the PRGF is not signed in 2010, the Bank will substitute the policy-based dialogue instrument initially proposed for 2010 with an institutional support instrument aimed at continued building of the Government’s capacities.** In the infrastructure sector (Pillar 2), the Bank hopes to carry out *two* national operations in rural and water/sanitation sector (see Table 3). Under this pillar, support will be given for the implementation of three international operations from which Chad will benefit under the Bank’s support to regional integration in Central Africa. *The sectors involved are roads, telecommunications and energy.* These interventions are complementary to those of *the main TFPs, namely the WB, the AFD and the EU in telecommunications, water (rural water supply programme) and road sectors (Koumra-Abéché road programme) respectively.* ***With regard to the period 2013-2014, a lending programme will be proposed at the mid-term review based on the resources available.***”

IN LIEU OF: **“To ensure selectivity and complementarity, the Bank’s interventions will be limited to *five* national operations in two sectors and enhance the actions of the key TFPs involved in the two pillars of the strategy.** Under the national interventions, the Bank hopes to undertake two operations in the governance sector (Pillar 1) and to support the Government’s reforms in this area. These operations will also strengthen actions undertaken by the WB under the Action Plan for the Modernization of Public Finance (PAMFIP) launched in June 2009. Furthermore, the Bank’s support will buttress implementation of the reforms under a possible IMF-backed PRGF as from 2010. **However, if the PRGF is not signed in 2010, the Bank will substitute the policy-based dialogue instrument initially proposed for 2010 with an institutional support instrument aimed at continued building of the Government’s capacities.** In the infrastructure sector (Pillar 2), the Bank hopes to carry out three national operations in rural, water/sanitation and electricity sector (see Table 3). Under this pillar, support will be given for the

¹ Annex I-D provides details on the intervention areas of the major TFPs.

implementation of three international operations from which Chad will benefit under the Bank's support to regional integration in Central Africa. These interventions are complementary to those of the AFD and the EU in water (rural water supply programme) and road sectors (Koumra-Abéché road programme) respectively.”

- PAGE 16, TABLE 3 - INDICATIVE LENDING PROGRAMME OF 2010-2014 CSP:

TO READ:

3.1. National Operations					
	2010	2011	2012	2013	2014
PILLAR I : PROMOTE GOOD GOVERNANCE					
Policy-based dialogue programme	10				
PILLAR II : DEVELOP BASIC INFRASTRUCTURE					
Potable water and sanitation programme			24.8		
Rural infrastructure development programme		25			
Total	10	25	24.8		
3.2. Multinational Operations*					
	2010	2011	2012	2013	2014
PILLAR II : BASIC INFRASTRUCTURE DEVELOPMENT					
Ouesso-Bangui-N'Djamena road study	0.5				
Ouesso-Bangui-N'Djamena road project				10	
Fibre optic project (CAB)		6			
Chad-Cameroon electricity interconnection project					10
Total	0.5	6		10	10
* Chad's contribution represents 1/3 of its share in the multinational project					
3.3. Summary of Bank's operations					
	2010	2011	2012	2013	2014
Grand Total	10.5	31	24.8	10	10

IN LIEU OF:

3.1. National Operations					
	2010	2011	2012	2013	2014
PILLAR I : PROMOTE GOOD GOVERNANCE					
Policy-based Dialogue Programme 1	10				
Policy-based Dialogue Programme 2			10		
PILLAR II : DEVELOP BASIC INFRASTRUCTURE					
Rural water supply support project				10	
Potable water, sanitation and electrification programme			14.8		
Rural infrastructure development project		15			
Total	10	15	24.8	10	
3.2. Multinational Operations					
	2010	2011	2012	2013	2014
PILLAR II : BASIC INFRASTRUCTURE DEVELOPMENT					
Ouesso-Bangui-N'Djamena road study	0.5*				
Ouesso-Bangui-N'Djamena road project				10*	
Fibre optic project (CAB)		6*			
Chad-Cameroon electricity interconnection project					10*
Total	0.5	6		10	10
* Chad's contribution represents 1/3 of its share in the multinational project					
3.3. Summary of Bank's operations					
	2010	2011	2012	2013	2014
Grand Total	10.5	21	24.8	20	10

- PARAGRAPH 3.2.1 (LAST BULLET POINT, PAGE 18) :

TO READ: “**Improve access to basic services through development of community water, electricity and telecommunication infrastructure.** The Bank’s strategy will consist in pursuing support to rural and semi-urban areas. It will focus on water supply and improvement of sanitation in rural areas to enable Chad to achieve the MDGs for access to drinking water by 2015 (increase access from 50% in 2009 to *more than* 60% by end 2014). Lastly, the Bank’s support *through regional operations* will help to establish a high speed telecommunication network and improve tele-density and Internet service penetration *as well as a power interconnection at the regional level.*”

IN LIEU OF: “**Improve access to basic services through development of community water, electricity and telecommunication infrastructure.** The Bank’s strategy will consist in pursuing support to rural and semi-urban areas. It will focus on water supply and improvement of sanitation in rural areas to enable Chad to achieve the MDGs for access to drinking water by 2015 (increase access from 50% in 2009 to 60% by end 2014). The Bank’s intervention will also promote access by rural areas to energy through the electrification of at least seven secondary centres. Lastly, the Bank’s support will help to establish a high speed telecommunication network and improve tele-density and Internet service penetration.”

■ ANNEX I-A RESULTS-BASED CSP 2010-2014 FRAMEWORK

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	<u>Final Outcomes (expected by the end of RBCSP period in 2014)</u>	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	<u>Mid-Term Outcomes (expected at RBCSP mid-term by 2012)</u>	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
PILLAR I: PROMOTE GOOD GOVERNANCE IN THE PUBLIC SECTOR BY BUILDING THE CAPACITIES OF THE GOVERNMENT IN THE IMPLEMENTATION OF PUBLIC POLICIES (aligned with Thrust 1 of SNRP II relating to Governance)						
<ul style="list-style-type: none"> - Strengthen public financial management to ensure greater transparency and effectiveness. - Improve the running of public administration. - Improve the legal and judicial system. - Fight against corruption. - Improve the private sector business environment. - Promote regional cooperation. - Implement, monitor and evaluate SNRP II. 	<ul style="list-style-type: none"> - The armed conflicts in recent years have created a climate of insecurity and political instability in the country. - Public administration is marked by weak institutional, technical and human capacities. - Delays in procurement procedures and lack of competitiveness resulting in increased project costs - The MTEF is not operational. - Chad is not yet a fully fledged member of the EITI 	<p><u>Enhancing transparency and accountability in public financial management.</u></p> <ul style="list-style-type: none"> - Transparency, effectiveness and cost of public procurement have improved. - The planning of expenditures in the priority sectors has improved and the MTEF is operational throughout the public sector. - Management of oil revenues has 	<ul style="list-style-type: none"> - The manual of procurement procedures is in place and operational. - The time taken by COJOs to process files has improved from 3 months in 2012 to 0.5 month by 2014. - Priority sector expenditure allocations accounting for at least 50% of budgetary credits are based on a medium-term framework of the results of the SNRP II. - At least 10 sector MTEFs based on expenditure reviews are conducted annually. - The EITI Steering Committee is operational. - Payments made by enterprises to governments, for oil development and revenues received by 	<ul style="list-style-type: none"> - The Public Procurement Regulatory Authority (ARMP) is in place and operational. - The procurement code is revised to better reflect the realities of the country. - The MTEF is operational in the priority sector Ministries. 	<ul style="list-style-type: none"> - Time taken by the COJOs has improved from 7 months 2009 to 3 months by 2012. - The proportion of contracts signed by direct negotiation has reduced from 70% in 2009 to a maximum of 15% by 2012. - Public procurement audits are conducted in the priority ministries on annual basis and the recommendations implemented - Implementation of the strategic training plan is satisfactory - Priority sector expenditure allocations accounting for at least 50% of budgetary credits are based on the MTEF and mostly on the priorities of the SNRP2. - At least 5 sectoral MTEFs based on expenditure reviews are conducted annually. - A steering committee for the EITI has been put in place and a high-level representative is appointed to manage the implementation of the EITI. - An EITI work plan with measurable targets, an 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Support to balance of payments proposed for 2010, UA 10 million under ADF 11. <p>Ongoing Interventions:</p> <ul style="list-style-type: none"> - PARG I, approved in June 2005, UA 20.5 million under ADF 10.

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
	<ul style="list-style-type: none"> - In the area of governance, Chad ranks lower than the average of Sub-Saharan Africa in terms of accountability, effectiveness, rule of law, and perception of corruption - The business climate is not conducive for the private sector (out of a group of 181 countries, Chad ranks 175th on the Ease of Doing Business Index in 2009). 	<p>improved.</p> <ul style="list-style-type: none"> - Corruption is on the wane in the public sector. <p><u>Improve private sector business environment.</u></p> <ul style="list-style-type: none"> - The judicial system is strengthened to promote a private sector friendly environment. - The public/private partnership is 	<p>governments from oil companies are published and disseminated regularly to the public in an accessible, comprehensive and comprehensible format.</p> <ul style="list-style-type: none"> - Laws on illicit wealth acquisition as well as implementing instruments and regulations on asset declaration formulated. - A manual of public sector financial control and auditing procedures is adopted. - The following instruments and laws are passed: an instrument on the organization and operation of the criminal record, law on the status of judges, law on enforceable sanctions on violations under the OHADA uniform acts, decree on the pricing of notarial acts, pricing of bailiff acts, instrument on legal assistance and compliance of national regulations with ratified international agreements. 	<ul style="list-style-type: none"> - Chad is a full-fledged candidate of the EITI. - A framework for combating corruption has been put in place. - Processing of court cases is strengthened and justice is brought increasingly closer to the public. 	<p>implementation timetable and an assessment of capacity (government, private sector and civil society) is prepared and published.</p> <ul style="list-style-type: none"> - A national anti-corruption strategy is implemented satisfactorily. - 3 Appeal courts are in place in Moundou, Abeche and Koumra. - A training plan for judicial sector professionals has been implemented satisfactorily 	

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
		strengthened.	<ul style="list-style-type: none"> - The national investment charter provides for tax and customs breaks and other private sector inducements. - The one-stop shop of the National Investment and Export Promotion Agency is operational. 	<ul style="list-style-type: none"> - Partners hip between the public sector and NGO has improved. 	<ul style="list-style-type: none"> - The Organization of Non-State Actors of Chad (OANET) – aimed at strengthening relations between the authorities and local associations-- is operational. - Most operations financed by donors involve NGOs and other local partners in the implementation of development programmes and projects. 	
PILLAR II : DEVELOP BASIC INFRASTRUCTURE TO CREATE CONDITIONS FOR SUSTAINED AND DIVERSIFIED ECONOMIC GROWTH (aligned with Thrusts 2 and 4 of SNRP II relating to growth, infrastructure development and employment promotion)						
<i>Thrust 2.1 : Development of rural infrastructure (pastoral and transhumance infrastructure to boost growth and strength social cohesion among rural communities)</i>						
<ul style="list-style-type: none"> - Improve agricultural productivity by developing surface water resources through less costly irrigation schemes that are easy for the producers to maintain. - Develop pastoral infrastructure and improve the development and management of relevant resources. 	<ul style="list-style-type: none"> - Weak rural community facilities (water, electricity, pastures, transhumance corridors, etc.). 	<p><u>Boost economic diversification by improving rural infrastructure to increase outputs and ensure better management and sustainable development of agro-pastoral and transhumance resources.</u></p> <ul style="list-style-type: none"> - Development of irrigation schemes around Lake Chad and along the Chari and Logone rivers and other appropriate sites has been carried out. - Conflicts between 	<ul style="list-style-type: none"> - 10000 ha comprising 3500 under complete control and 6500 under partial control are developed. - Studies or construction works have been carried out for at least 15 dams and/or artificial ponds. - At least 55 pastoral wells, 30 pumping stations and 20 dam ponds have been constructed. 	<ul style="list-style-type: none"> - A third of the developments of irrigated schemes around Lake Chad and along the Chari and Logone rivers and other appropriate sites has been completed. 	<ul style="list-style-type: none"> - 3000 ha comprising 1000 under total control and 2000 under partial control have been developed. - At least 15 pastoral wells, 10 pumping stations and 5 artificial ponds have been constructed. 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Rural infrastructure development programme in irrigation, pastoral and transhumance areas, proposed for 2011, UA 25 million under ADF 12. <p>Ongoing Interventions:</p> <ul style="list-style-type: none"> - Runoff development project in 4 prefectures, approved in April 1998, UA 11.9 million under ADF 7. - Lake Chad prefecture rural development project approved in March 1999, UA 17.3 million under ADF 8. - Biltine rural development project approved in September 2001 under ADF 8. - Pastoral livestock system support project, approved in

Country Development Goals (SNRP II)	Issues hindering the achievement of the Country Development Goals (= sector issues)	FINAL OUTCOME (expected by the end of the RBCSP in 2014)	Final Outcomes (expected by the end of RBCSP period in 2014)	MID-TERM OUTCOME (expected at RBCSP mid-term by 2012)	Mid-Term Outcomes (expected at RBCSP mid-term by 2012)	ADB Intervention expected to be ongoing during the RBCSP (new and ongoing since the previous CSPs)
		farmers and herdsmen have been reduced with the creation of transhumance corridors equipped with watering points and the assistance of livestock technicians.	- At least 250 technicians have been recruited and a training scheme for 70 technical supervisors is in place to assist the herdsmen.		- 100 livestock technicians and 30 technical supervisors have been trained.	December 2002, UA 15.6 million under ADF 9.
<i>Thrust 2.2 : Development of cross-border roads to open up the country and promote regional integration</i>						
<ul style="list-style-type: none"> - Maintain the existing road network. - Open up the country both externally and internally. - Improve and promote road safety. 	<ul style="list-style-type: none"> - Inadequate road infrastructure for opening up the production area and linking the country with its trade partners of the region. 	<p><u>Strengthen the national and transnational road network to open up the country internally and externally for local production and regional integration.</u></p> <ul style="list-style-type: none"> - Access and mobility of the rural communities in the South of Chad (Mandoul and Middle-Chari) have improved. - Chad is linked to Central Africa and Congo. 	<ul style="list-style-type: none"> - 110 km of 7m wide roads are developed and tarred between Koumra and Sarh. - 111 km of feeder roads are rehabilitated on the Koumra-Sarh section. - The Ouesso-Bangui-N'Djamena road works have commenced. 	<ul style="list-style-type: none"> - Trade between Cameroon and Chad have improved. 	<ul style="list-style-type: none"> - A 2-lane 230m long bridge is constructed on the Logone at the Cameroon-Chad - Study of the Ouesso-Bangui-N'Djamena multinational road project has been completed. 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Study of the Ouesso-Bangui-N'Djamena multinational road project, proposed for 2010, UA 0.5 million under ADF FAD 11. - Ouesso-Bangui-N'Djamena multinational road project, proposed for 2013, UA 10 million under ADF 12. <p>Ongoing Intervention:</p> <ul style="list-style-type: none"> - Multinational transport facilitation project approved in May 2007, UA 19 million under ADF 10. - Koumra-Sarh road project, approved in 2009, UA 31 million under ADF 11.

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<i>Thrust 2.3 : Water, Sanitation, Energy and Telecommunication I infrastructure Development</i>						
<ul style="list-style-type: none"> - Supply the villages, urban and semi-urban centres with potable water. - Cover livestock water needs. - Maintain water facilities. - Promote hygiene education through the construction of latrines. - Facilitate access by the majority of the population to electricity. - Improve access to Internet. - Reduce telecommunication costs. 	<ul style="list-style-type: none"> - Multiplicity of actors in water resource management and weak coordination between the various institutional actors. - Inadequacy of financial, material and human resources in relation to the needs of the rural sector. 	<p><u>Improve access to basic services through the development of community water, electricity and telecommunication facilities.</u></p> <ul style="list-style-type: none"> - Chad is on track to achieving the MDG on access to potable water by 2015. - A high speed fibre optic telecommunication network is in place. - Tele-density and rate of penetration of internet services has increased. 	<ul style="list-style-type: none"> - Rate of access to potable water reached <i>more than</i> 60% by end 2014. - The proportion of the population with access to adequate sanitation grows from 30% in 2009 to <i>more than</i> 50% by 2014. - Decrease in the costs of telecommunications (from US\$ 10,000 per Mbs in 2007 to less than US\$ 2000 in 2014) - Greater penetration of internet services and greater tele-density (over 50% compared to 2007) 	<ul style="list-style-type: none"> - Rate of access to adequate sanitation service reaches 30% at end 2012. - Reliable information on the water facilities of Chad is available. 	<ul style="list-style-type: none"> - 500 latrines have been built and 856 boreholes fitted with hand pumps constructed. - Databank on water facilities is updated. 	<p>Proposed Interventions:</p> <ul style="list-style-type: none"> - Water supply and sanitation programme, proposed for 2012, UA 24.8 million under ADF 12. - Cameroon-Chad multinational power interconnection project proposed for 2014, UA 10 million under ADF 13. - CAB Project co financed with the WB for the implementation of the high speed fibre optic network: contribution by Chad: UA 6 million under ADF 12. <p>Ongoing Interventions:</p> <ul style="list-style-type: none"> - PPF of the potable water supply, sanitation and electrification programme, approved in February 2005, UA 0.4 million under ADF 10. - Potable water supply programme, approved in July 2006, UA 13 million under ADF 10.