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Fonds: Records of the Office of the President

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McNamara Papers


Travel briefs
Mauritania

THE WORLD BANK GROUP
Archives

Travel Briefings: Chad, Cameroon, Gabon, Mauritania, and Ivory Coast - Travel briefs, Chad

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1772571



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WBG Archives

CHAD

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A

January 4, 1971
M.N.Kochman

FINAL PROGRAM

OFFICIAL VISIT OF MR. ROBERT S. McNAMARA

PRESIDENT OF THE WORLD BANK GROUP

IN THE REPUBLIC OF CHAD

(January 13 - 15, 1971)

Wednesday, January 13

- 18:15 Arrive Fort-Lamy - Flight RK 81
19:00 ^{1/} Courtesy visit to President François Tombalbaye
Dinner and evening free

Thursday, January 14

- 10:00 Meeting with Government officials under the chairmanship of the
Minister of Coordination ^{2/}
13:00 Lunch free
15:00 Meeting with Mr. MICUTA, U.N. Resident Representative
15:30 Meeting with Mr. CARPENTER, Executive Secretary of the Commission
of the Lake Chad Basin
16:00 Visit of the city of Fort-Lamy
17:30 Meeting between the President of the Republic and the President
of the World Bank
20:00 State dinner offered by the President of the Republic

Friday, January 15

- 08:00 Leave Fort-Lamy (Government-arranged flight)
09:00 Arrive Garoua (Cameroon)

^{1/} This visit might take place at 19:30, if necessary

^{2/} Separate program for Mrs. McNamara

ITINERARY FOR VISIT TO CHAD, CAMEROON, GABON, MAURITANIA, JANUARY 12-22, 1971

<u>Date</u>	<u>Time</u>	<u>GMT</u>		<u>Remarks</u>
Jan. 12	1745	2155	Depart ^{Dallas} Washington National	TW 810 NA153
	1750	2250	Arrive New York JFK	
	1915	0015	Depart New York JFK	TW830 (B707)
Jan 13	0840	0755	Arrive ^{PARIS} Zurich--day room at Hilton	
	1145	1230	Airport Hotel	
	1330	1715	Depart Zurich ^{PARIS}	RK81 (DC8)
	1315	1715	Arrive Fort Lamy	non-stop
	1900	Courtesy visit to President Tombalbaye Evening free		
Jan. 14	1000		Meeting with ^{with J. J. Schabert} Minister of Coordination	
			Lunch free	
	1500		Meeting with UN ResRep - <u>Mr. MICUTA</u>	
	1530		Meeting with Exec Secretary, Commission of Lake Chad Basin - <u>Mr. Carpenter</u>	
	1600		Visit city of Fort Lamy	
	1730		Meeting with President	
	2000	State dinner (hosted by President)		
Jan. 15	0800		Depart Fort Lamy	Special flight
	0900		Arrive Garoua (Cameroon)	
	1000		Meeting with local government officials (yet to be finalized)	
			Lunch free	
	1500		Depart Garoua by helicopter--fly over various project areas	
	1700		Arrive Ngaoundere	
	1730		Depart Ngaoundere	Government plane
	1800		Arrive Yaounde	
2000		Courtesy call on President Ahidjo		
	2030	State dinner (hosted by President)		
Jan. 16	0800	1150	Meeting with Government officials	
	1130		Meeting with President	
	1230		Depart Yaounde--lunch in flight	Government plane
	1315		Arrive Douala	
	1330		Helicopter flight over SOPAME, port of Douala, Yabassi and Bafang	
	1600		Depart Douala by car	
	1730		Arrive Buea	
	2000		Dinner hosted by West Cameroon officials	
		Stay overnight in lodge in Buea		
Jan. 17	0800		Visit CAMDEV plantation; ^{Tide - Ndyke - Nsone - Pota for rubber plantation}	
	1030		Depart Buea by car	
	1145		Arrive Douala	
			Lunch free	
	1430	1215	Visit city of Douala, port and industrial installations	
	1700		Depart Douala	Special plane--Mystere 20 jet falcon
	1740		Arrive Libreville ^(radio & TV statement)	
1900		Courtesy call on President Bongo		
		Evening free		

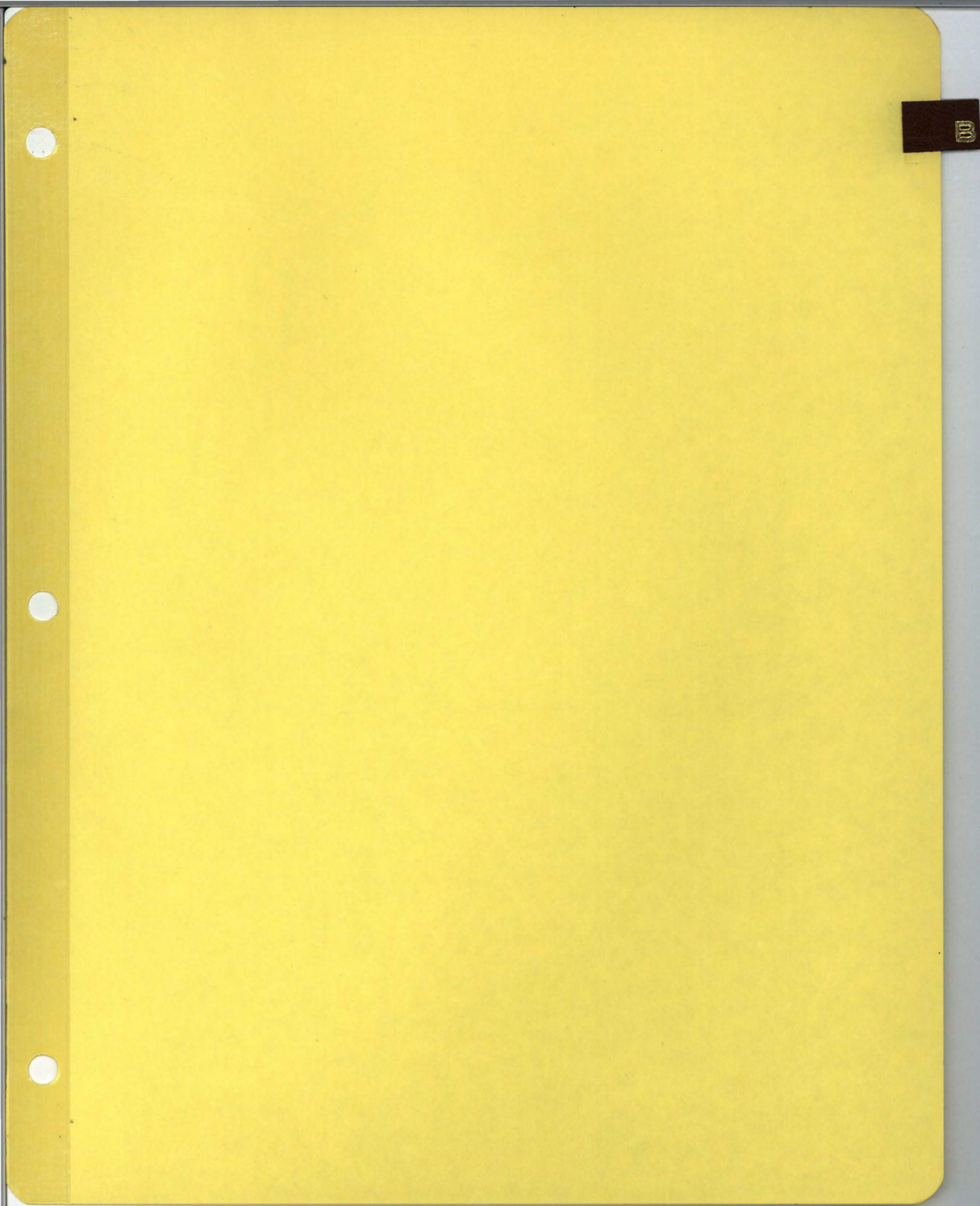
Jan. 18	0300		visit ^{leave for} Port Gentil	Government plane
	0330		Visit oil refineries and logging companies (SPAFC; SER; SBCFG)	
	1030		Depart Port Gentil	Government plane
	1130		Arrive Moanda--visit Manganese Project (COMILOG)	
	1300		Lunch at COMILOG Headquarters	
	1500		Depart Moanda--overfly La Lope game park, and city of Lambarene; ^{future r/n}	Government plane
	1700		Arrive Libreville	
	2000		Dinner hosted by President	
Jan. 19	0800		Visit Port of Owenda	
	0900	-1100	Meeting with Government officials	
	1130		Meeting with President	
	1300	1200	Depart Libreville--lunch in flight	Special flight--Mystere 20 jet falcon--1 1/2 hours refueling stop in Abidjan
	1900	1900	Arrive Nouadhibou Evening free	
Jan. 20	0700		Visit city of Nouadhibou--water supply installations, fishing port and port facilities for MIFERMA mining operations	
	0900		Depart Nouadhibou	Special flight
	1300		Arrive Atar Informal lunch at Oasis	
	1500		Depart Atar--overfly Kaedi and Senegal River Valley	
	1930		Courtesy call on President Ould Daddah Evening free	
Jan. 21	0800		Visit Boutilimit	
	1300		Informal private lunch with President	
	1600		Meet with Government officials	
	2000		Dinner hosted by President	
	2300		Depart Nouadhibou	Special flight
	2400		Arrive Dakar	
Jan. 22	0130	0130	Depart Dakar	PA151 (B707) non-stop
	0505	1005	Arrive New York--JFK	
	0650	1150	Depart New York--JFK	NA471
	0750	1250	Intermediate stop at Baltimore	
	0835	1335	Arrive Washington, National	

TO ABISSAN

FM ABISSAN to NOUADHIBOU,
MAURITANIA

LEC
January 8, 1971

DAKAR. MTC. w/ MIN. OF FINANCE



REMARKS AT AIRPORT UPON ARRIVAL IN CHAD

My visit to Chad fulfills an old desire, and I look forward with particular pleasure to meeting President Tombalbaye. From him, and from the others I will be seeing, I hope to gain a better understanding of the problems and prospects of your economy, in order to assess what we in the World Bank Group can do to help you cope with the problems and improve the prospects.

Over the past two-and-a-half years, the Bank Group has greatly increased its activities round the world, and especially in Africa. In framing our expansion plans, we have devoted particular attention to countries such as Chad where we had not been active earlier. Our lending here began in August 1968. It now amounts to about \$6 million, which is earmarked for highway maintenance and education. My hope is that over the next five years, if all goes well, that total will rise considerably, and that we will be able to lend for a larger variety of projects. Apart from transport and education, we expect to look closely into the scope for assistance to such sectors as agriculture and telecommunications.

Chad's development presents a number of major problems. Our assistance, I believe, will be the more effective if used in conjunction with the resources that you yourselves mobilize. It is our hope that, together, we will forge a genuine partnership in implementing a pattern of development chosen by Chad and led by Chad. Our aim is the same as yours: to lay the foundations on which the people of this country can build for themselves a better, peaceful and more prosperous future.

Military outlook
Prospects re regional arrangements

" " Education
" " Agr. & cotton hood (double output per ha 1980 + 85)

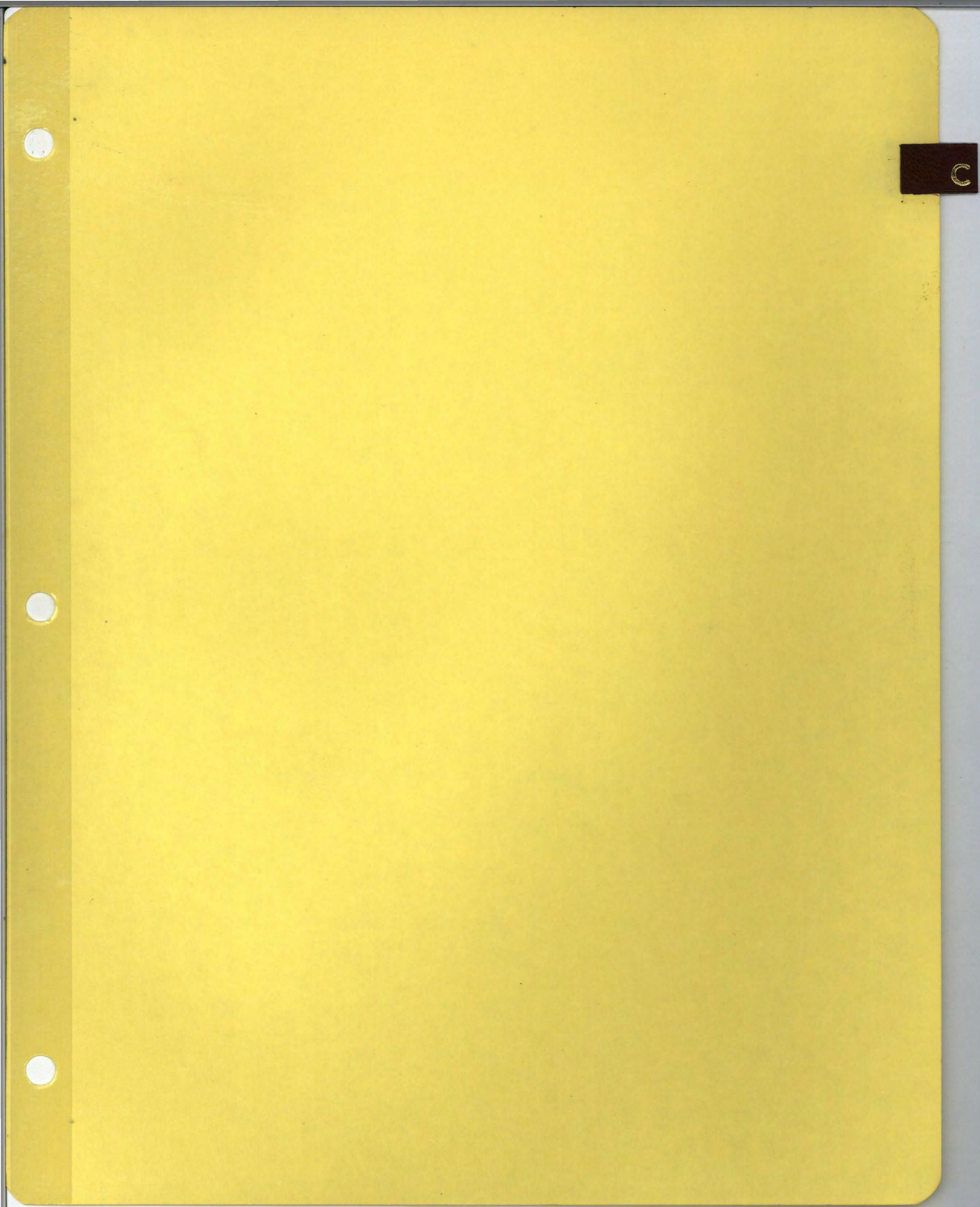
" " Livestock
Two very large: 2 Lakeland Folders
Satyru - Dresser

Chadians don't know themselves well because lack of internal roads
Have adequate water, underground but lack capital to develop

Cotton hood: '69 150
70 107
71 117

Projects re by Chad

- 1. Cotton Dowl to raise cotton prod to 300,000 tons by '80
FED mission identifying proj for FED + BK -
- 2. New cotton co. (under IFC)
- 3. Veterinary projects:
Folders & the Lakes
Satyru - Dresser
- 4. Rural dev in Quddai
- 5. Settlement: 400 families living nearby
- 6. Livestock - animal health; marketing; water supply for livestock;
- 7. Power & irrigation projects in Zangone
- 8. Transportation
for buses of no connection between Fort Lamy & interior by rd
in '60 only 20 km paved
high priority for both internal & external routes
- 9. Agr. & Fort Lamy airport
- 10. Telecommunications
- 11. Education
In '60 had only 3 secondary schools; now has 8 - want to create 10 more



Ch - Mr. President: I am grateful for your generous remarks, and for the warm hospitality you have extended to Mrs. McNamara and myself during our stay.

That stay has been briefer than I should have liked -- and yet it has been intensely stimulating. For it has been filled with fruitful discussions on the Republic's plan for the future.

I would like to have looked around
 This ~~is an~~ ancient and cultured land: a land graced by such great artistic treasures as the prehistoric paintings in the Tibesti, and the exquisite terra-cotta figurines of the Sao. But, *as I have already found,* it is a land that looks not merely to the artifacts of the past, but to the building of a better future.

We in the World Bank are proud to assist in that task.

As in every country -- everywhere -- this Republic has its share of problems. Development is never without

2
difficulties. Indeed, perhaps the most essential ingredient of all development is the determination of a country that its difficulties can be overcome, and that the life of all its people can be enhanced.

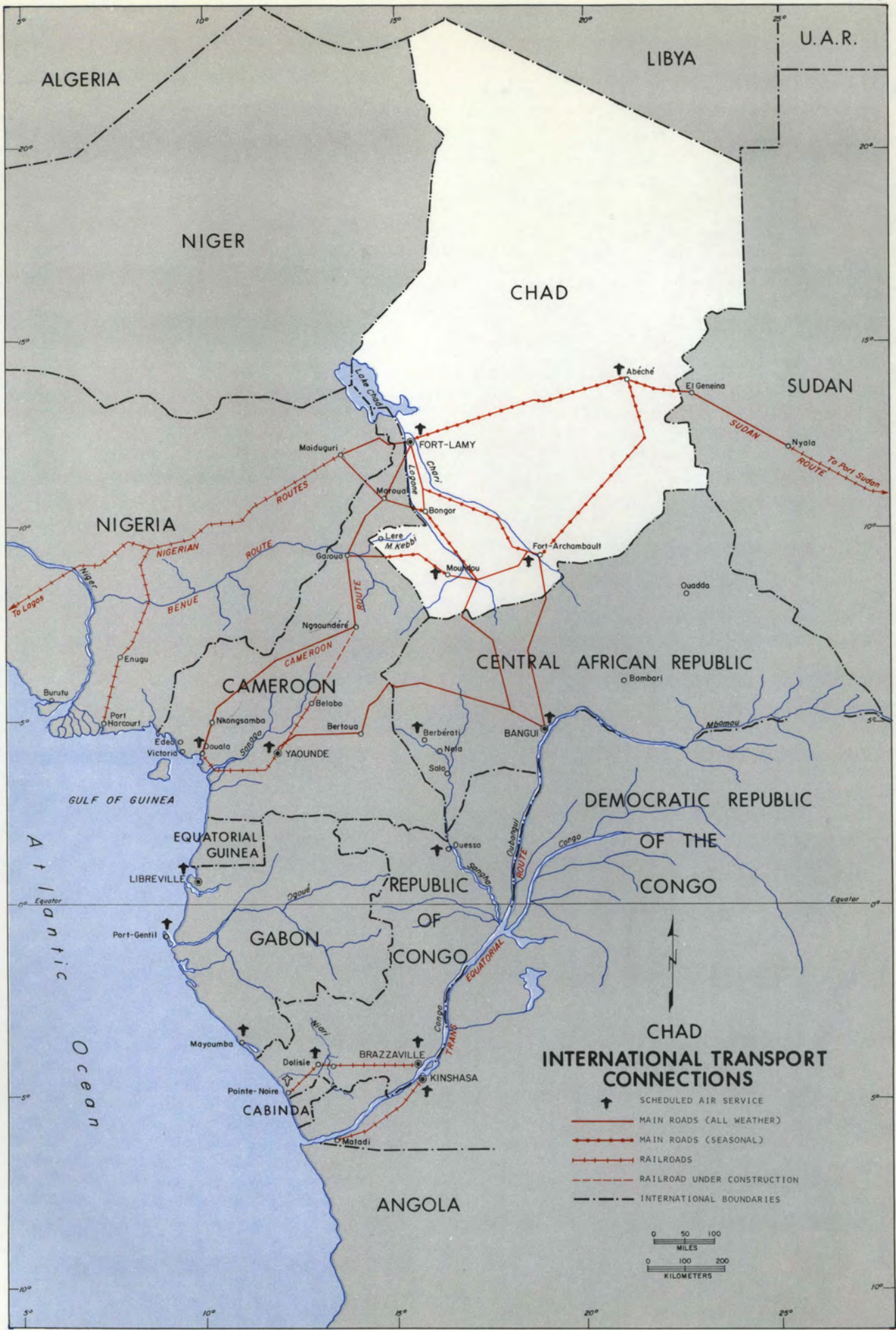
The discussions I have had here, Mr. President, make it clear that Chad's determination is strong.

Our determination in the World Bank will be no less strong. We are anxious that the partnership we have begun in highways and education can move on into other vital sectors: sectors that will support the Republic's overall plans for sustained economic and social progress.

I ask you, then, ladies and gentlemen, to join me in a toast to President Tombalbaye -- and to the success of the dream that he and all of us share: a great future for this Republic, and for all its people.

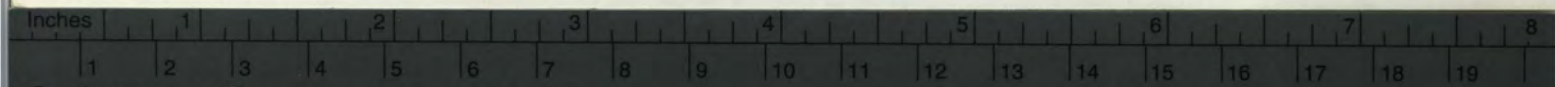
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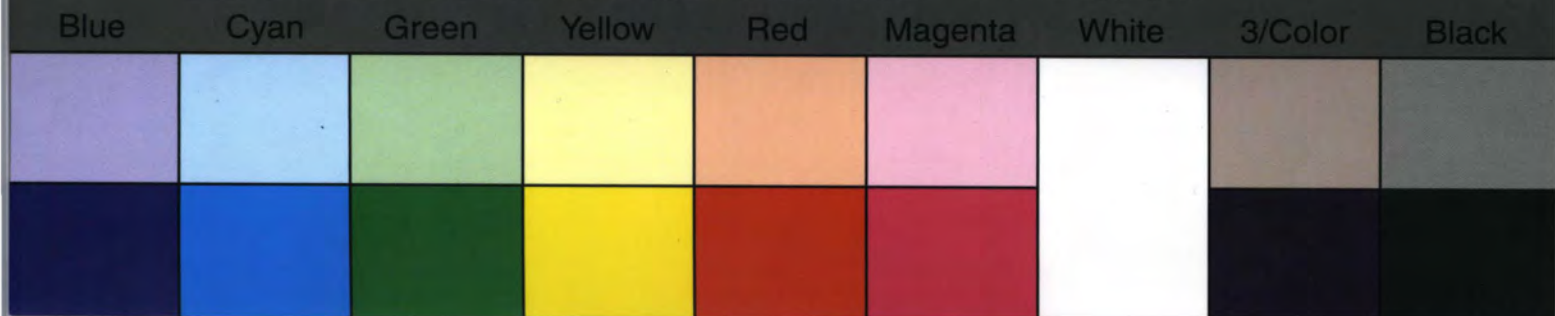
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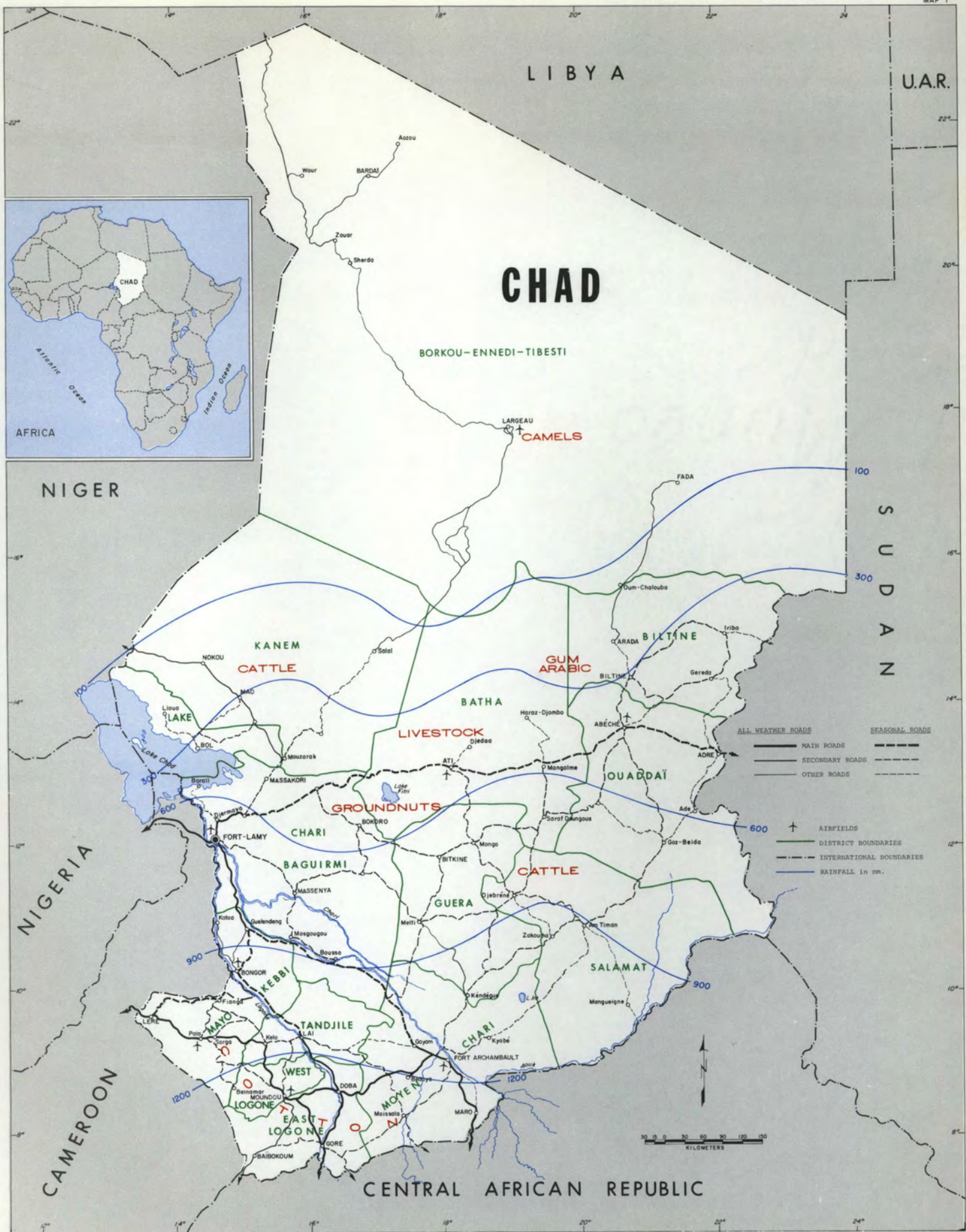
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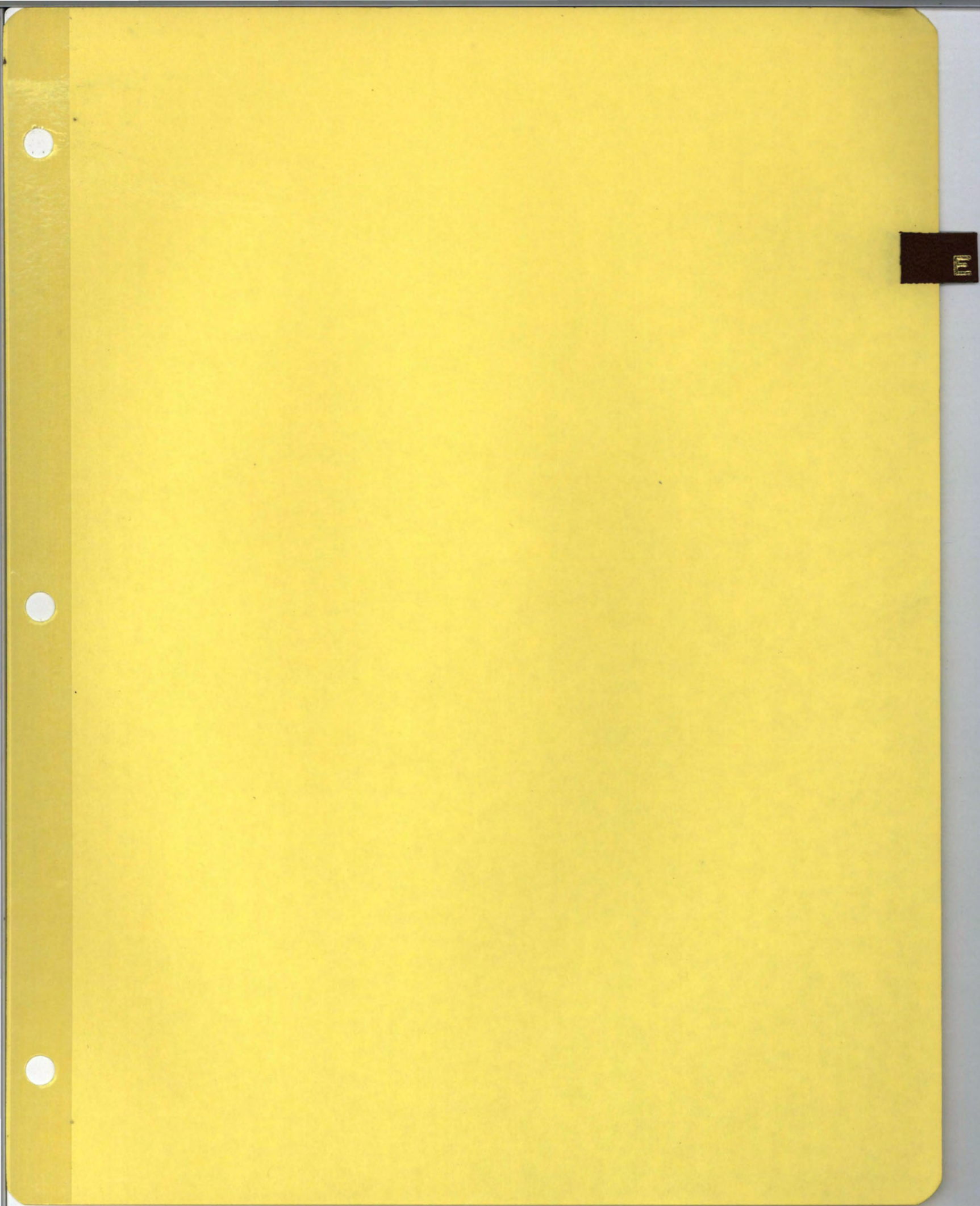
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Blue	Cyan	Green	Yellow	Red	Magenta	White	3/Color	Black



Lake Chad Basin Commission (LCBC)

Briefing Statement

- Purpose: To intensify Member States' cooperative efforts in the economic development of the Lake Chad Basin, a specific area defined as the conventional Basin with particular attention to surface and ground water utilization but also extending widely to agriculture, livestock, minerals, industry, transportation and telecommunications development.
- Organization: Established May, 1964; consisting four riparian states viz. Cameroon, Niger, Nigeria, and Chad with two commissioners from each Member State and an Executive Secretariat headquartered in Fort Lamy. Member States make equal contributions toward the LCBC regular budget; extraordinary expenditures financed by agreements between interested states. New Secretariat Building to be completed about July 1971 financed also by equal Member States' budgetary contributions.
- Secretarial Staff: Executive Secretary in office for three years subject to re-appointment; carries out commission decisions and directives, assisted by 7 national technical counterparts and 3 in administration; and foreign technical experts -- about 10 UNDP/FAO, 2 USAID, 1 FAC plus various short term consultants, secretaries, interpreters and other locally-hired support personnel.
- Meetings: Two meetings are held annually comprising the plenary session and technical discussions of five permanent Subcommissions: Civil Engineering and Communications, Hydrology and Hydrogeology, Agriculture, Livestock and Fisheries. Any two Member States may request interim and special meetings. Recent sessions particularly well attended by representatives of international financing agencies and scientific and technical organizations.

Basic Resource Studies: In addition to and coordinated with country national plans, these basic studies of resources and development potential continue. UNESCO completed the inventory and mapping of water resource information for the Basin. UNDP/FAO completes in March 1971 its study of water resources for utilization which also includes agriculture, livestock, fisheries and inter-related development possibilities. It is planned to extend this FAO study project at least one year. Some initial progress has been achieved but deeper and more exhaustive study and evaluation of specific investment possibilities should continue.

USAID has financed a broad regional survey for livestock and comprehensive feasibility studies for the Telecommunications and Transport Sectors in the Basin.

FAC will soon launch both the investigation and eradication stages of a Tsetse Control Project.

Several related resource studies underway outside LCBC have important implications for Basin development. UNDP has now completed a first stage study of the Diversion of Logone Waters in Chad and North Cameroon which envisages possible investments of \$25 to \$35 million for flood control, irrigation and electric power installations. This study also has a bearing upon the bilateral UNDP/FAO feasibility study by the same contractor for the SATEGUI rice irrigation scheme along the Logone River in southern Chad near Bongor and Yagua/Cameroon. While LCBC has no direct concern with these studies, any national decisions to implement water development schemes are reported to the Commission in accordance with established procedures and this will also contribute significantly to the overall development of the Basin.

Capital Projects in Progress: Commission is now ready to seek financing for two large-scale and important infrastructure investment projects. Signing

expected soon of the USAID Grant Agreement for the engineering phase of the telecommunications link between Fort Lamy, Fort Foureau and Maiduguri costing approximately \$550,000. We hope very soon to submit applications for a single large-scale Loan Project of about \$30 million for the Three Road Sectors and the Chari River Bridge and very much hope the World Bank will consider this entire project sympathetically.

An FAC Grant Agreement (subvention) is to be executed shortly financing fully the study and spraying stages of the proposed Tsetse Eradication Project along the Chari River in the area between Fort Lamy and Lake Chad as demarcated in detail. For the Serbewel-Assale Districts of North Cameroon and Chad falling mainly in the same area as the Tsetse Eradication Project, the Commission has approved an integrated regional Livestock Development Project of about \$2 million concentrating upon better range management, improved nutrition, husbandry practices, and animal health and orderly and efficient marketing of cattle and meat. FAO is now preparing a refined project proposal which LCBC plans to submit shortly to financing agencies including UNDP, USAID, IBRD, FED, WFP, etc.

Technical Assistance Activities: Along with large-scale investment prospects these types of activities will also continue under Commission sponsorship and coordination. UNDP/FAO financing is being sought to expand the four existing LCBC agricultural experiment stations of the Member States into agricultural development centers capable of furnishing extension services to the cultivators in the surrounding areas. Similarly, it is planned to establish four fisheries development centers at selected sites on Lake Chad. Hopefully, FAO technical assistance will also be continued in animal husbandry and other aspects of water development.

4. BASIC DATA

<u>Area</u>	1,284,000 sq. km.
<u>Political Status</u>	Independent republic since August 11, 1960.
<u>Population (estimate 1970)</u>	3.7 million
Rate of growth:	2.3 percent per year
Density per sq. km.	2.9
<u>Gross Domestic Product (1967):</u>	CFAF 59,6 billion
Per capita:	CFAF 17,250 (\$ 70)
Growth rate, real terms	Barely in pace with population growth

Government Finance: (in billions of CFAF)

	Actual		Budget	
	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Domestic revenue	10.1	9.4	11.2	11.7
Current expenditure	10.7	11.4	12.8	12.9
Current deficit (-)	-0.6	-2.0	-1.6	-1.2
Investment expenditure	-0.2	-0.6	-1.1	-0.5
Total deficit	<u>-0.7</u>	<u>-2.5</u>	<u>-2.7</u>	<u>-1.6</u>
Financed by:				
French subsidies	0.4	0.5	0.3	1.7
Drawings on liquid reserves and accumulation of arrears	0.3	2.0	2.4	-0.1

Money and Credit: Chad is a member of the Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun (BCEAEC) and as such uses the CFAF.

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
	Dec.	Dec.	Dec.	June
Money supply	7.24	7.24	7.60	8.13
Domestic Credit	9.52	10.86	12.56	12.90
Foreign assets (net)	-1.61	-2.01	-2.88	-2.41

Balance of Payments: (in billions of CFAF)

	<u>1968</u>	<u>1969</u>
Exports f.o.b.	10.2	9.1
Imports f.o.b.	10.9	10.1
Trade deficit	-0.7	-1.0
Services (net)	<u>-4.2</u>	<u>-5.8</u>
Current account deficit	<u>-4.9</u>	<u>-6.9</u>
Transfers (net)	4.6	5.1
Capital	-0.1	0.5
Errors and omissions	-	0.4
Monetary movements	0.4	0.9

Commodity Concentration of Exports

	<u>Average 1967-1969</u>
Cotton	64% of exports
Livestock and meat	28% of exports

External Public Debt:

In millions of dollars

	<u>Disbursed</u>	<u>Including Undisbursed</u>
Total outstanding as of Dec. 31, 1969	33.4	50.0
Total debt service	3.0	6.1 (1970)
Debt service ratio (goods and services)	4.5%	10.0%

Bank Group Operations

IDA Credit (125 CD): Aug. 1968 US\$ 4.1 million for highway maintenance
(126 CD): Aug. 1968 US\$ 1.8 million for education

IMF Position (July 1970):

Quota: \$ 10.0 million
Drawings: \$ 3.8 million



REPUBLIC OF CHAD

BACKGROUND NOTES

9 13 AM '70
RESEARCH
FILES

Population: 3.4 million (1969 est.)
Capital: Fort Lamy (pop. 150,000)

Chad, landlocked in the heart of Africa, is the largest country (in area and population) of former French Equatorial Africa. It is surrounded by Libya, Sudan, Central African Republic, Cameroon, Nigeria, and Niger. With an area of 500,000 square miles, it is about the size of California, Texas, and Oklahoma combined.

Topographically, the country is shaped like a shallow basin which rises gradually from 750 feet above sea level at Lake Chad in the west to more than 12,000 feet in the Tibesti Mountains in the north. Rivers of the southern watershed flow into Lake Chad; the north is desert.

Chad's heavy rainy season lasts from early April to mid-October in the south and from early June to late September in the center. The dry season is from mid-November until mid-March in the south and early November until late April in the center. Except for very occasional stormy rainfalls, it is always dry in the north.

Chad's flag consists of three vertical bands—blue, yellow, and red from left to right.

THE PEOPLE

The population of Chad is increasing approximately 2.5 percent annually. The majority of the Chadians live in the central and southern areas of the country.

The Chadian people are comprised mainly of: (a) the Sudanic group—the Sara, Banana, Moundang, and Baguirmian; (b) the Nilotic peoples—the Ouaddian, Dar Massalit, Moubi, and Dadjo; (c) the Arab-speaking group—the Hassaoua and Djohaina; and (d) the Saharan peoples—the Kanimbou and Toubou. Beginning perhaps as early as the eighth century, Arab elements entered Chad from the north across the Libyan Desert bringing with them the Islamic faith, which their ancestors follow today. Following the fall of Christian Nubia in the 14th century, there began a massive Arab and Islamic influx from the east. As a result of these Arab penetrations, the population of Chad remains divided between the Saharan Muslims and the indigenous Negroid southerners. The latter group, with the exception of a small Christian minority, have retained their traditional animistic practices. There are also about 5,000 Europeans living in Chad.

Although French is the official language, most Chadians speak their own African languages. Literacy is estimated at less than 10 percent.

HISTORY

From ancient Arab manuscripts and modern archeological investigations, it is known that well-developed societies flourished around Lake Chad more than 1,000 years ago. From the time of these early kingdoms to the present, Chad has served as a crossroads for the Muslim peoples of the desert and savanna regions and the animist, Negroid tribes of the tropical forests.

Between the 9th and 16th centuries A.D. an enigmatic group called the Sao produced many interesting and beautiful *terra cotta* artifacts which have been found in the Logone and Chari River basins. The Sao eventually disappeared under pressure of the growing Islamic political organizations. The most important of its kingdoms were Kanem-Bornou, Baguirmi, and Ouaddai. At their zenith, these kingdoms controlled practically all that is now Chad and parts of Niger and Sudan.

The French first penetrated Chad in 1891, when the European scramble for African territories moved to the interior. It was necessary for the French to establish their authority through the use of military expeditions, primarily against the Muslim kingdoms. The final battle for Chad, a victory for France, was fought near Fort Lamy on April 22, 1900.

In 1959 the territory of French Equatorial Africa was dissolved, and the four states (now called Gabon, Central African Republic, Congo [Brazzaville], and Chad) became autonomous members of the French Community. On August 11, 1960, Chad became an independent nation.

GOVERNMENT & POLITICAL CONDITIONS

Under its third Constitution, approved April 14, 1962, Chad adopted a presidential type of government. The President (Chief of State and Head of Government) is elected to a 7-year term by an electoral college composed of members of the National Assembly, mayors, municipal councilors, tribal chiefs, and councilors of rural communities. He is subject to popular ratification and can be dismissed by a motion of censure passed by the National Assembly.

The unicameral National Assembly consists of 75 members elected to 5-year terms by universal adult suffrage. Under a constitutional reform in 1963, its membership was reduced from 86.

For administrative purposes Chad is divided into 14 Prefectures. The Governor of each Prefecture is appointed by and responsible to the Central Government.

The Parti Progressiste Tchadien (PPT) is the only legal political grouping in Chad. The PPT evolved from the Rassemblement Démocratique Africain (RDA), a preindependence interterritorial party established by Félix Houphouët-Boigny, now President of the Ivory Coast.

In 1960 a former opposition party, the Parti National Africain (PNA), which drew its strength essentially from the northern Muslim population, controlled 28 National Assembly seats. The PNA was riddled with defections after independence, however, and in March 1961 it entered into a working agreement with the PPT, known as the "Union for the Progress of Chad."

In February 1962 President Tombalbaye abolished all political parties except the PPT. He called for new National Assembly elections on the grounds that the deputies then in office were elected before independence. In March the first postindependence presidential election was held, and Tombalbaye received substantial support. A new Government was established, and it adopted the present Constitution. Tombalbaye won the presidential referendum of 1963, and in the presidential election held in early 1970 he received more than 90 percent of the vote.

In March 1963 several prominent political leaders were arrested and charged with endangering Chad's security. The National Assembly was dissolved. In September riots in the Muslim part of Fort Lamy, following the arrest of three Muslim leaders, resulted in a declaration of a temporary state of emergency. A National Assembly was elected in December 1963, and the Cabinet was reorganized in a manner designed to heal the rift between the north and south. The most recent assembly elections were held in December 1969.

By late 1969 Chad was faced with increasing intermittent banditry and acts of terrorism by groups in the northern and central-eastern areas of the country. This resistance was caused by the traditional conflict between nomad and settled people over limited pasture and water resources and by the lack of local administration over a vast area. Attempts to capitalize on the religious and political aspects of the conflict by would-be leaders have so far been unsuccessful.

In April 1969 a French expeditionary force was sent to Chad to help keep order, while a program to strengthen the rural administration gained momentum. These forces are expected to be phased out as the security situation improves.

ECONOMY

Ninety-six percent of the Chadians are engaged in subsistence agriculture, fishing, and stock-raising, with low productivity. The gross national product (GNP) was estimated in 1968 to be about U.S. \$240 million, but since more than half of this is accounted for by subsistence food production, which never entered the market economy, the figure has little meaning. Based on this figure, however, the per capita income was approximately \$70.

The existence of a desert area as large as Texas, the scarcity of known mineral resources, and the isolation of the country, combined with inadequate transportation facilities, are among the obstacles to economic development. Chad is, however, self-sufficient in food production, with room for expansion in yield and acreage, and has extensive fish resources as well as an estimated 4-5 million head of cattle. Fish, cattle, meat, and hides offer possibilities for increased exports; cotton now constitutes 80 percent of Chad's exports.

Food crops (half of the GNP) are produced mainly for local consumption. Millet, sorghum, rice, sweet potatoes, yams, and cassava are important staples, with other vegetables such as squash and beans balancing the diet. Peanuts are grown in rotation with cotton, and date production is becoming important.

Livestock and livestock products represented about 15 percent of exports in 1967 but declined to 10 percent in 1969 when the Nigerian civil war and commercial difficulties with neighboring countries restricted trade across Chad's borders.

Fishing constitutes an important economic activity along the rivers and Lake Chad. Most of the 100,000 tons of fish caught annually is consumed locally but an appreciable quantity, dried or smoked, is sold at home and abroad.

The only mineral now being exploited is natron (native sodium carbonate). Exports in 1969 were only 655 tons as compared with 4,667 tons in 1967. An important deposit of kaolin (a clay used in ceramics and brick) has been located. An American oil company has a concession to prospect for oil in the north.

The vastness of the country, its landlocked position, and the nature of its soil and climate contribute to transportation problems in Chad. The country is serviced by four principal airports and several smaller ones. There are some 18,500 miles of roads and trails but no railroads.

According to official Chadian figures, imports declined from \$59 million in 1967 to \$50.2 million in 1969. The European Economic Community (EEC) countries supplied about half of the imports; about 35 percent of the total came from France alone. Other principal suppliers were Congo (Kinshasa) and the United States. Exports declined from \$30.9 million in 1967 to \$28.9 million in 1969. Chad's foreign trade may be slightly higher than these statistics indicate, since a large part of its trade with Nigeria, involving the export of cattle, hides, and fish, and the importation of Nigerian consumer goods, is carried on illegally across an uncontrolled border. Chad's principal commodity imports are motor vehicles and parts, petroleum products, machinery and parts, and cotton fabrics.

In planning for economic and social development, Chad is giving initial emphasis to education and technical training, establishment of local processing industries, construction of tourist facilities, and improvement of transportation facilities within the country and to the Atlantic

1968. The extremely good weather and relatively pleasant climate during part of the year make Chad potentially attractive to tourists.

The major burden of assistance in Chad's development efforts is borne by France and the EEC, which presently grants the cotton crop a subsidy. France's annual aid in recent years has exceeded \$15 million; in 1968, \$6 million of this was direct aid. Since the modest U.S. bilateral aid program was phased out in 1968, the United States has assisted Chad through the Lake Chad Basin Commission (LCBC) to develop transport and communications facilities and agriculture. The LCBC is a multilateral organization composed of all the countries which border the lake. The United States has also aided in the smallpox-measles eradication campaign and has some 50 Peace Corps volunteers working in agricultural, teaching, and rural development projects.

FOREIGN RELATIONS

Chad has retained close ties with France since independence and is a member of the French Community and the franc zone. It is also a member of the United Nations and several of its specialized agencies, the Organization of African Unity (OAU), the African, Malagasy, and Mauritian Common Organization (OCAM), and the General Agreement on Tariffs and Trade (GATT) and is an associate member of the EEC.

Negotiations to form a confederation with the other states of former French Equatorial Africa failed in 1960, but the four countries decided to remain linked in a customs union. (Cameroon became an associate member of the Union in 1961.) In a move to enlarge the scope of this grouping, the five countries entered into a broader Economic and Customs Union of Central Africa (UDEAC) in 1966.

On April 2, 1968, Chad signed an accord with the Central African Republic (C.A.R.) and Congo (Kinshasa) establishing the Union of Central African States (UEAC). The grouping is open to all independent African nations and provides for interstate cooperation in economic, commercial, transportation, health, communications, security, and cultural affairs. Eventually, the plan calls for a common market, common transport and telecommunications organizations, a common external tariff, and the free movement of goods and persons within the union. As a result, Chad and the C.A.R. announced their withdrawal from UDEAC effective December 31, 1969. President Tombalbaye stated that UDEAC had "done nothing" to improve the economic situation of Chad and that UEAC offered a wider African market. However, the C.A.R. withdrew its resignation from UNEAC; Chad is still searching for a satisfactory regional arrangement for economic cooperation with its former UDEAC partners.

U. S. - CHADIAN RELATIONS

Relations between the United States and Chad are friendly and were further strengthened by the visit of President Tombalbaye to the United States in October 1968.

At present there is little direct U.S. commercial interest in Chad although the climate for American investment in such areas as hotel construction and joint ventures in small industries (such as a tannery, a meat-processing plant, or a cottonseed-oil plant) are believed to be good.

PRINCIPAL GOVERNMENT OFFICIALS

President—Francois TOMBALBAYE
Minister of Foreign Affairs—Dr. Jacques BAROUM
Minister of Finance, Economy, and Transport—Abdoulaye LAMANA
Minister of Planning and Cooperation—Georges DIGUIMBAYE
Minister of Interior—Mahamat DOUBA ALIFA
Minister of Agriculture and Animal Husbandry—Raymond NAIMBAYE
Minister of Waters, and Forest—Mahamat Hassan DADJO
Minister of Defense—Mahamat SENOUSSE
Minister of Public Health—Pierre DKIME
Ambassador to the U.S.—Lazare MASSIBE
Ambassador to the U.N.—Bruno BOHIADI

Chad maintains an Embassy in the United States at 1132 New Hampshire Avenue, N.W., Washington, D. C. 20037.

PRINCIPAL U. S. OFFICIALS

Ambassador—Terence A. Todman
Counselor of Embassy—John Blane
Peace Corps Director—Charles Steedman
Public Affairs Officer (USIS)—Harry L. Hughes

The U.S. Embassy in Chad is located at Rue du Lt. Col. Colonna d'Ornano, Fort Lamy.

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NATIONAL AVERAGE AGRICULTURAL YIELDS FOR SELECTED CROPS (in Cameroon, Chad, Gabon and Mauritania)
(in m ton/ha)

COUNTRY	RICE(PADDY) (1)	WHEAT (2)	MAIZE (3)	SORGHUM (4)	SUGARCANE (5)	TOBACCO (6)	COTTON(SEED) (7)
Cameroon	1.1	-	1.20	(0.80)	2.1	(0.67)	(0.66)
Chad	(1.2)	(1.86)	(0.91)	(0.66)	-	-	(0.45)
Gabon	(1.9)	-	(1.05)	-	-	-	-
Mauritania	-	-	(0.62)	-	-	-	-

SOURCES

Yield figures between brackets have been obtained from FAO - Production Yearbook 1969, Volume 23.
Others from: Current Economic Position and Prospects of the Republic of Cameroon (8/8/68), Table 6.

FOOTNOTES

Cameroon - rice (paddy) yield - national average: in 1964-66 in East 1.20, in West 0.75.
maize yield - national average: in 1964-66 in East 1.10, in West 0.52.
sugarcane yield - national average: in 1965-66 in East.

All mentioned national average yields without any footnote are for period 1965-68.

WStruben, January 5, 1971.

SELECTED SOCIO-ECONOMIC INDICATORS

Population 1970 millions	GNP per capita 1968 US\$	GDP Average Annual Growth %	Wages and Salaries as part of NI %	Agri- cultural Popula- tion as part of Total 1965 %	Urban Popula- tion as part of Total %	Urban Popu- lation Average Annual Growth %	Adult Liter- acy %	School Enroll- ment Ratio Primary and Second- ary %	1964	Infant Mortal- ity Deaths first year per 1000 Live Births	Per- sons Per 1965	Per- sons Per Hos- pital Bed 1965	Calories Per Day Per Capi- ta	Average Number of Persons Per Room	Elec- tricity Pro- duc- tion KWH/ cap. 1968	Tele- phone Sets per 100 Popula- tion 1970
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
CAMEROON	5.8	\$140	6.9 (1964-69)	n.a.	84	10 (1965)	7.3 (1969)	12.5	70.0	137.2	26,680	390	2130	n.a.	182	.09
CHAD	3.7	\$ 60	3.9 (1961-67)	n.a.	95	5 (1966)	n.a.	7.5	15.0	160.0	72,440 (1964)	970 (1964)	n.a.	n.a.	9	.11
GABON	.5	\$310	9.7 (1960-66)	n.a.	84	10 (1964)	n.a.	12.0	52.0	n.a.	5,860	120 (1966)	1910	n.a.	125	.80
MAURITANIA	1.2	\$180	7.0 (1964-69)	n.a.	89	10 (1960)	8.0	3.0	8.0	187.0	30,000	3,720	1920	n.a.	39	.08

COUNTRY	Population		Wages and Salaries as part of National Income		Population Structure			Education		Health			Nutrition	Housing	Electricity	Telephones
	1970	1968	Average annual growth	1968	Agricultural population as part of total	Urban population as part of total	Urban population as part of total	Adult literacy	School enrollment ratio primary and secondary	Infant mortality Deaths first year per 1000 live births	Persons per doctor	Persons per hospital bed	Calorie supply in relation to WHO recommended minimum	Average number of persons per room	Production 1968	Sets per 100 population 1969
	millions	US\$	1961-68 %	%	1965 %	1960 %	1950-60 %	%	1965 %						kW/cap.	
DEVELOPED COUNTRIES																
USA	205.2	3980	3.4	71.5	6	59	4.0	98	93	21.2	650 ⁷	120 ⁷	121	T 0.7 ⁸	7135	54.02
France	51.1	2130	3.7	53.5	16	48	1.7	96*	91	20.4	850 ⁸	120 ⁸	112	T 0.9 ⁷	2363	14.98
Canada	21.4	2460	2.8	66.5	9	53	3.1	..	85 ^h	22.0	890 ⁸	90 ⁸	117	T 0.7 ⁸	8434	42.12
Sweden	8.0	2620	3.2	70.3	13	40	2.7	..	75 ^h	12.9	850 ⁷	70 ⁸	108	T 0.8 ⁵	7119	51.76
EASTERN AFRICA																
Ethiopia	25.0	70	2.6	..	89	4	(5.8)	4	8	..	65380 ⁷	2500 ⁶	91	U 2.7 ¹	15	0.15
Congo (K)	17.4	90	-0.3	..	70	9	11.4	15*	52	104	26690 ⁶	270 ⁸	87	T 2.7 ¹	165	0.13
Sudan	15.8	100	-0.4	.. 6-8	77	5	(4.2)	12*	14	..	22020 ⁷	1010 ⁵	93	U 2.5 ⁵	23	1.12
Tanzania	13.2	80	1.2	30.6	95	2	(7.2)	..	23 ^a	163	40360 ^{a7}	540 ^{a7}	91	U 1.8*	25	0.25
Kenya	10.9	130	1.4	..	84	5	(7.2)	30	45	..	10240 ⁷	730 ⁷	93	U 2.5 ²	39	0.20
Uganda	8.6	110	1.1	29.7	91	1	..	25*	32 ^c	160	7830 ⁷	890 ⁷	90	..	90	0.31
WESTERN AFRICA																
Nigeria	55.1	70	-0.3	..	79	11	8.0	12*	25	..	31000 ⁷	2190 ⁶	97	U 3.0 ¹	18	0.12
Ghana	9.0	170	-0.7	..	60	12	(10.3)	..	72	156	13310 ⁶	770 ⁶	97	..	308	0.54
Ivory Coast	4.3	260	4.8	39.4	81	6	(7.2)	9	32	138	17980 ⁶	510 ⁶	106	U 2.5*	91	0.63
EAST ASIA AND PACIFIC																
Indonesia	121.2	100	0.8	..	67	11	4.0	43	4 ^h	125	27560 ⁷	1470 ⁸	84	..	15 ⁷	0.16
Philippines	38.1	180	0.8	90.0	58	17	4.1	72	83	72	1390 ⁷	720 ⁷	87	..	157 ^d	0.66
Thailand	36.2	150	4.6	28.1	78	9	7.2	68	44	..	8550 ⁷	1160 ⁷	98	..	93	0.34
Korea (south)	32.1	180	5.6	37.9	55	28	6.2	71	72	..	2360 ⁸	1250 ⁶	102	T 2.5 ⁰	198	1.60
China (Taiwan)	14.0	270	6.5	49.7	47	29	5.4	54*	77	21	2540 ⁷	1040 ⁶	102	T 1.9 ⁶	743	2.05
Malaysia	10.8	330	4.3	47.5 ⁶⁻⁸	55	24 ^b	5.6	48 ^b *	59	48	4750 ^{b7}	250 ^{b6}	105 ^b	U 3.1 ^{e0}	296	1.50
SOUTH ASIA																
India	554.6	100	1.0	..	70	14	3.6	28	44 ³	139	4830 ⁶	1670 ⁵	90	T 2.6 ⁰	95	0.20
Pakistan	136.9	100	3.1	..	68	10	5.1	19	27	..	9890 ⁷	3560 ⁷	85	T 3.1 ⁰	41 ⁷	0.16
Iran	28.4	310	5.0	..	49	27	4.5	23	46 ⁶	..	3820 ⁶	960 ⁷	86	T 2.3 ⁵	184	0.92
Afghanistan	17.0	80	-0.3	..	84	6	(7.2)	..	11 ^c	..	21360 ⁶	5810 ⁶	88	..	20	0.06
Ceylon	12.6	180	2.3	48.4 ⁷	50	12	3.0	75	81	53	4060 ⁷	320 ⁷	95	T 1.7 ³	54	0.48
EUROPE, MIDDLE EAST AND NORTH AFRICA																
Turkey	35.6	310	3.2	..	73	21	7.1	38	54 ⁴	155	2760 ⁷	560 ⁷	124	T 2.2 ⁵	205	1.33
Spain	33.2	730	6.5	57.9	35	45	2.2	87	75	32	770 ⁷	200 ³	114	T 0.9 ⁰	1408	11.44
United Arab Republic	33.9	170	1.5	48.4	55	36	4.2	20	53	117	2320 ⁶	460 ⁸	125	U 1.6 ⁰	212	1.14
Yugoslavia	20.6	510	4.2	49.2	47	18	4.9	77	79	61	1130 ⁷	170 ⁶	119	T 1.6 ⁰	1022	2.70
Morocco	15.7	190	0.4	..	55	24	3.5	14	38	149	12930 ⁶	660 ⁵	92	T 2.2 ⁶	105	1.08
Tunisia	5.1	220	2.7	..	60	22	(2.6)	16 ^d	64	..	8320 ⁶	390 ⁶	90	T 2.8 ⁶	144	1.31
CENTRAL AMERICA AND CARIBBEAN																
Mexico	50.7	530	3.4	37.5 ⁷	52	35	7.1	65	66	64	1820 ⁷	510	109	T 2.9 ⁰	478	2.44
SOUTH AMERICA																
Brazil	93.0	250	1.6	47.5 ⁰⁻⁵	50	29	6.5	61 ^d	47	170	2090 ⁶	290 ⁷	120	T 1.3 ⁰	433	1.74
Argentina	24.3	820	1.0	39.8 ⁵	20	55	2.7	91	64	58	620 ⁷	160 ⁵	115	T 1.4 ⁴	756	6.72
Colombia	21.4	310	1.4	43.9 ⁶	50	31	6.9	73	52 ^h	78	2220 ⁷	420 ⁷	95	T 1.9 ⁴	335 ⁷	2.61
Peru	13.6	380	3.5	47.7 ⁷	50	26	6.2	61	71	62	1990 ⁷	420 ⁷	96	T 2.3 ¹	381	1.27
Chile	9.8	480	1.8	43.8 ⁷	28	53	4.8	84	77	100	2320 ⁷	250 ⁷	106	T 1.7 ⁰	736	3.30

NOTES

- The figures 0-9 indicate the last digit of the data year (0 stands for 1960, 1 for 1961 etc.).
- * Data is from before 1960.
- T Data is for the total population.
- U Data is for the urban population.
- .. Data is not available.
- a Mainland Tanzania only.
- b West Malaysia only.
- c Public education only.
- d Ten years and over.
- e East Malaysia only.
- f Excludes power produced and used by the same industrial plant.
- g Twelve years and over.

DEFINITIONS

- Population 1970, total, in millions.
- Gross National Product per capita in US\$ 1968, and the compound annual growth rate 1961-68, in percent.
- Wages and salaries as part of National Income 1968, in percent.
- Agricultural population. All persons actively engaged in agriculture and their nonworking dependents, as percent of total population 1965.
- Urban population. The population in towns of more than 20,000 as percent of the total population 1960; and the compound annual growth rate of the urban population 1950-60, in percent.
- Adult literacy. Literacy among persons of age 15 and over, as percent of that age group. The data is for latest available year, data from before 1960 is marked with an asterisk (*).
- School enrollment ratio. The total number of students enrolled in primary and secondary level education as a percentage of the school-age population in each country. The data is for 1965 except as otherwise indicated.
- Infant mortality. Deaths during the first year of life per 1,000 live births. Data is for latest available year.
- Persons per doctor. Total population in relation to total number of doctors in the country. Data is for various years as indicated.
- Persons per hospital bed. Total population in relation to total number of beds in public and private hospitals. Data is for various years as indicated.
- Nutrition. The calorie content of net food supply per capita available for human consumption as a percentage of the per capita calorie requirement according to World Health Organization recommended minimum (which varies from 2,300 calories per capita and day in East Asia to 2,710 in Canada and the Soviet Union).
- Housing. Average number of persons per room (where a room is defined as having walls, roof and at least 4 m² of floor space). T indicates total population, U urban population. Data is for various years as indicated.
- Electricity. Total production of electricity in 1968 (including industries producing for their own use) in relation to total population, in kilowatts per capita.
- Telephones. Number of telephone sets (including extension sets) per 100 persons of total population as of January 1, 1969.

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Chad

MEMORANDUM FOR THE PRESIDENT OF THE REPUBLIC

Subject: Economic constraints and potential

1. Constraints and present difficulties

Among all countries called "underdeveloped" or "developing" Chad is undoubtedly one of the most unfavorably endeavored; it faces the most important and big obstacles for economic development.

These handicaps are due to three main causes:

- 1. The historical heritage
- The geographical situation
- The mediocrity of the natural resources, known and exploited.

11. The historical heritage:

Among all the former French colonies in Africa, Chad is the most abandoned one by the colonial power which was concerned by the strategical interest and neglected the development and the equipment of the country. Therefore, Chad inherited a mediocre patrimony at the time of its independence.

111. Scholarization: was almost nonexistent. The professional training was limited to the elite and was given in a hurry and underevaluated. Despite its efforts and the external aids, Chad Government has not succeeded in reducing the dramatic gaps and more than its neighboring countries, it is

continuing to lack professors, engineers, doctors, administrators, traders and technicians.

112. Infrastructure lacked, particularly for transport and communications (at the time of independence, 20 kms of paved urban roads, 3 bridges and no all season roads). The Chadian Government has slightly improved the situation. Due to the bad conditions of the road and their impracticality during the rainy season the prefectures are seldom isolated from the capital and exposed to any kind of temptations. In addition to these socio-political difficulties, the economic consequences of this absence of infrastructure are obvious: prohibiting internal transport cost, uncertainty of supply and exchange limitations.

113. Productive Investments: are quasi-nonexistants except for two slaughter houses, an expensive and under-utilized hydro-agricultural plant (at Bongor), and a few cotton ginning plants. The efforts undertaken by the Government to modernize the agriculture and the livestock sector, and start industrialization were handicapped by the lack of sufficient funds, skilled manpower and by the natural conditions unfavorable as mentioned in sections 2 and 3.

12 Geographical situation: as a landlocked country in the middle of the African continent Chad had a privileged position before the colonial period. However with the European occupation

and when Africa was opened to external influence and commercial flows converged to the seaports, its continental position by its far from modern activities and as well as innovating influences which located near the littoral.

At present, the long distances to and from the external markets. Fort Lamy is about 2000 kms far from the nearest seaport, the numerous changing points along the roads, the bad conditions of the ports, road, railway equipment, increase the cost of imported goods and services, and are impediments to exportation of national products (only cotton, meat and arabic gum may bear, more or less and less than more, the handicap of the transport cost. The increase of the final cost and their consequences are aggravated by the insufficient internal road network.

These obstacles are generally known. There are some which are underestimated out of Chad, because the routes for external traffic are not only long, expensive and slow; but they are also precarious because of either their impossibility to support the seasonal traffic increases (Nigerian Railways saturated during the period of peanut commercialization), or climatic conditions (lower level of the Benue River or closing of the routes because of floods. The political situation in the country of transit is also an impediment. For these reasons the supply of Chad in irreplaceable products - hydrocarbons for instance -

may be and sometimes was effectively stopped. Therefore, Chad is not able to export its main products - cotton - at the time when the world market prices are favorable.

For these reasons the dis-enclavement of Chad appears as a vital necessity. But the experience has proved that the creation of all-season, rapid and modern routes is not sufficient to solve the problems. To get out of these risks of asphyxia, to not be dependent on one or two partners and neighbors, politically changing, Chad needs to diversify its means of communications for supply and access to the Atlantic Ocean firstly and to Red and Mediterranean Seas second.

122. In addition, the geographical condition and climatic condition consequently, is not favorable for the multiplication of its natural resources and their exploitation.

13: Mediocrity of the natural, known and exploited resources

131. The climatic conditions, long draughts, insufficient rainfalls, have effect on the natural vegetation and forest is almost absent. They also have effect on the agriculture by limiting the possible productions and furthering the paysans into an employment position or seasonal underemployment.

132. When the natural water resources are not insufficient, they are inexplotable because of the shallowness of the water sheet and their dispersion. This is an impediment to the livestock as well as the agriculture development.

133 In the South where the climate is less unfavorable, the general poverty of the soils is an obstacle to the diversification. In spite of the agricultural researches and tests, the cotton still remains the only exportable product. And needless to point out the vulnerability of a mono-cultural economy when it is based only on cotton, facing big agricultural concurrence (the USA and USSR are the big cotton producers) as well as industrial (artificial and synthetic fibers).

This soil poverty has not only effect on agriculture. The scarcity or the nonexistence of granite, calcareous, argile, have adverse effect on the construction and civil works industry, because of the need of almost all necessary materials at high cost, and because of the instability of the soils leading to build foundations and expensive strengthening works.

134. The same poverty characterizes the mining resources, at the present stage at least. The scarce mining discoveries (gold, copper, tin-bearing ores) are not exploitable on a commercial basis because of their small quantity or their weak iron grade or the difficult access for extraction and evacuation (TIBESTI).

135. At last and overall, the total absence of energetic resources come on top of this. The relief and the hydrographic system are such that only one site is adequate for construction of a dam or an hydroelectric plant (Gauthiot Falls in the Mayo-Kebi

Region). The debit however is not sufficient to justify the construction. Therefore Chad is condemned to import all raw materials including timber.

That is to say how big the difficulties to be faced are before the realisation of the basic infrastructure and moreover the industrialization which is handicapped by the small internal market, and the weakness of the solvent demand in addition to the export capacity.

II - Immediate and long term prospects. The whole picture is discouraging and has effectively discouraged private investors and internal aids. Despite the gloomy present, Chad has a promising future. The poverty is so obvious and so striking that the real potential is masked and is willingly or not unknown.

It has been necessary to emphasize the economic difficulties in Chad, to avoid getting easily out of a blind optimism; this is due to the necessary lucidity. This is our attitude when we affirmed that the Chadian economic prospects are good in medium terms and may become excellent in the long run.

21. Firstly the food production (agriculture, livestock, fisheries) guaranties and will guaranty sufficient food in quality and quantity to the population. The improvement of the trade circuits and the establishment of stocks will cut completely the local seasonal shortage and the speculation manœuvres.

An education in the field of nutrition has given some results and would help remedy the vitamin shortage for the nutrition of the children. This situation is to be envied by many countries of the "tiers monde" facing dramatic problems of over population, starvation and malnutrition.

In addition, although the sanitary condition is not satisfactory, it appears less bothering than in the other tropical countries. The big endemic diseases (smallpox, leprosy, paludism) have been tackled and eradicated.

In fact, the rural population, despite their ignorance and the lack of experience, have demonstrated their ability of adaptation and have been open minded to progress. The success of the use of engines and modern techniques in fishing, the big development of the "culture attellee" are very significant examples.

Nutrition, health, open-minded attitude to innovation are positive aspects which demonstrate that the human resources of Chad constitute its most precious capital.

22. But the wealth of Chad is not only its human resources. Although Chad is physically and economically poor, it is not completely unprovided with natural resources. Besides, the history teaches us that a poverty of a country is seldom apparent and temporary; it is only an inability to develop more concealed potential.

221. This is the case of the water resources. The many resource waters are insufficient locally but elsewhere they are abundant. As soon as they are rightly exploited through a complete well system all around the country, they offer big incentives for livestock development, mainly because we know how to improve the sanitary situation of the livestock and its quality and quantity.

Along with the exploitation of the subterranean waters, the control of the running waters, particularly the Logone and the Lake Chad polders, will give opportunities to restore the agriculture by introducing new products (orcharding, gardening). The agricultural diversification appears now and henceforth in a good way with the cultivation of tobacco and sugar cane.

The rivers in Chad - Logone - Chari arteries over all - are among the fullest of fish in the world. The new techniques of conservation, salting and drying, give occasion for development and increase of the production for the Nigerian market. The access to this market is hampered by lack of marketing organization and customs constraints (Chad is trying to remedy this situation in the framework of regional organizations).

222. The same reflection is valid when applied to the soils. Generally, the soils are exceptionally fertile: Lake Chad polder, the development of which is handicapped by lack of funds; alluvial land along the Chari and Logone Rivers in a region that might be considered as the "Chadian Mesopotamia."

223. The same reflection may be applied to the subsoil. It remains to be discovered. Now and henceforth, some geophysical prospectings and the aerial photographs taken by American spatial engines, reveal the weakness of the pessimistic diagnosis of the geologists. The new researches now undertaken entitle us to believe in provision of discoveries (hydrocarbon, rare metal ores).

23. In addition, all these efforts undertaken to remedy the heaviest shortages and to make Chad less dependent on foreign assistance, are not and will not be vain.

The utilization of improved local materials (bricks made in baked clay or stabilized clay) will allow to reduce, if not suppress, the imports, decrease the construction cost and increase the internal added value.

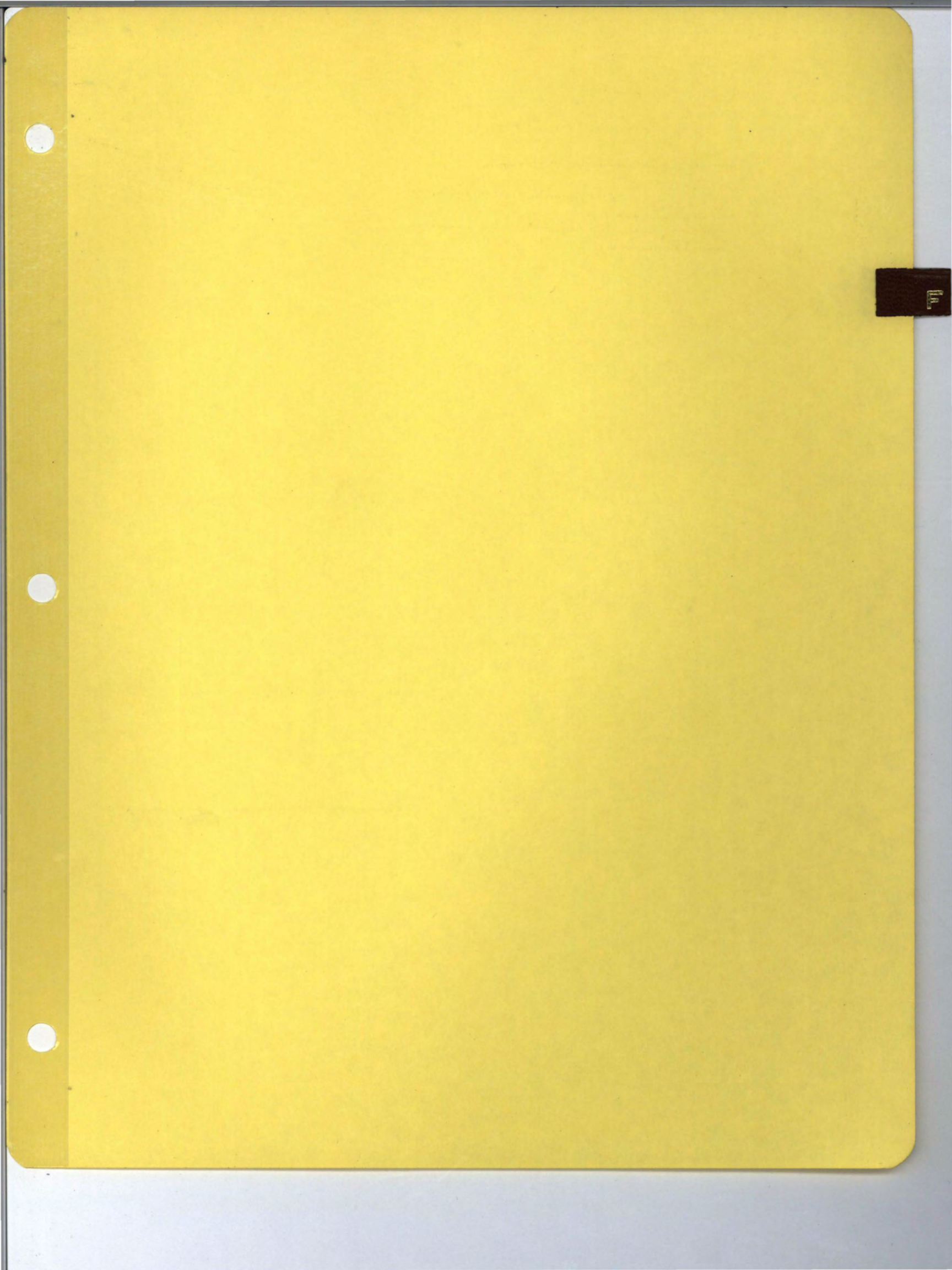
Even the industrialization, despite the difficulties, is possible to develop slowly and necessarily with caution. Among the projects that must be carried out,

we have by order of importance, the sugar plant of Banda, the oil soap mill, the agricultural engines mill of Pont-Carol, and the cigarette manufacture at Moundou.

24. In the long run, we believe that technological innovation, based on the past evolutions, will permit to reduce the import and export transport costs (use of heavy air carriers and vehicles on air inflated cushions).

The domestic industrial use of the solar energy, will find the best conditions for experiences and diffusion in Chad.

At last, in a longer term, it is not excluded that, with the development of inter-African exchanges, Chad will play again the role of commercial and cultural center as the point of junction of the air road liaisons from Algeria to the Cape, from Dakar to Dar Es Salaam and from Abidjan and Lagos to Cairo.



Possible Points for Discussion

This is not a regular CPP but some background information put together from the briefing papers prepared for Mr. McNamara so that a preliminary review can take place before Mr. McNamara's forthcoming visit to the country. A regular CPP will be prepared later.

1. Chad is one of the poorest countries in the world and it has had no real growth per capita in the last five years (page 6). What are the prospects that its stagnant economy can finally move and what are the appropriate policies and priority sectors for development? To what extent is the political uncertainty likely to affect our lending program? In view of the availability of funds from other sources (Annex A), is the size of our program appropriate? ✓

2. In view of the increasing budgetary deficits and inability of the government to contribute much to investment projects, tax reform assumes great priority (page 7). Till the government undertakes such a reform in consultation with the IMF, what proportion of total project cost should we be willing to finance (page 20)? Should we make our lending conditional on the progress which is made on the fiscal front? ✓

3. The paper mentions that a guiding principle in drawing up the lending program has been that "the limited development opportunities and the serious political uncertainties in Chad did not justify the investment of large staff resources" (page 20).

(a) In view of this consideration, and the urgent need for Chad to encourage its productive sectors, would it not be better to concentrate only on a few projects which hold real promise? In particular, should we earmark only \$5 million for the cotton development project, which has a total foreign exchange component of \$25 million (page 12), or should we envisage to lend more for this project as soon as its economic viability has been ascertained? ?

(b) Should we pursue another education project (Education III) in FY1976 after the experience of slow implementation regarding Education I?

(c) Does the land settlement project scheduled for FY1975 have any real priority in the context of Chad's development needs? ✓

(d) With regard to Roads II, can another source for financing the feasibility studies be secured, e.g. UNDP (page 27)?

Attachment.

Attendance:

Messrs. McNamara ✓
Knapp
Aldewereld
Chenery
Chadenet
Cope
Adler

Western Africa Department:
Messrs. Chauffournier, Director
de Vries, Chief Economist
Thalwitz, Division Chief
Byl, Loan Officer

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ANNEX A

PAST AND PLANNED IDA OPERATIONS IN SMALL LEAST-DEVELOPED COUNTRIES OF AFRICA

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	Population mill.	a/ growth rate	a/ GNP p.c. (\$)	b/ O.D.A. p.c. (\$)	IDA Commitments				IDA Work Program FY1971-75 or 1972-76				
					Through 11/30/70 (\$mill.)	(\$ p.c.)	Tentative FY1972-74 (\$mill.)	(\$ p.c.)	Operations No.	p.c.p.a. c/	(\$mill.)	p.c.p.a. (\$)	per proj. (\$mill)
Upper Volta	5.2	2.2	50	5.4	0.8	0.15	21	4.05	12	0.45	35.0	1.35	2.9
Mali	4.8	2.1	90	4.6	16.8	3.50	21	4.35	9	0.40	29.2	1.20	3.2
Malawi	4.3	2.2	50	6.5	33.2	7.75	15	3.50	7	0.35	33.5	1.55	4.8
Niger	3.8	3.6	70	8.3	8.2	2.15	15	3.95	13	0.70	40.0	2.10	3.1
Rwanda	3.6	3.0	40	4.3	9.3	2.60	9	2.50	10	0.55	36.0	2.00	3.6
Chad	3.7	2.3	70	6.1	5.9	1.60	15	4.05	9	0.50	33.5	1.80	3.7
Burundi	3.4	2.5	50	3.2	3.3	0.95	9	2.65	7	0.40	39.0	2.30	5.6
Somalia	2.7	4.0	60	12.5	9.1	3.35	15	5.55	9	0.65	36.5	2.70	4.1
Dahomey	2.6	2.9	80	8.1	8.1	3.10	9	3.45	11	0.85	38.5	2.95	3.5
Lesotho	0.9	2.9	80	20.9	4.1	4.55	3	3.35	6	1.35	16.0	3.55	2.7
Swaziland	0.6	3.0	100	16.7	6.1	10.15	3	5.00	6	2.00	13.0	4.35	2.2

a/ 1970 World Bank Atlas (except Burundi, Chad and Rwanda).

b/ Official development assistance from DAC countries and multilateral organizations, average for 1967 and 1968, the only years for which complete DAC data are yet available.

c/ Per 1 million population.

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4. BASIC DATA

<u>Area</u>	1,284,000 sq. km.
<u>Political Status</u>	Independent republic since August 11, 1960.
<u>Population</u> (estimate 1970)	3.7 million
Rate of growth:	2.3 percent per year
Density per sq. km.	2.9
<u>Gross Domestic Product</u> (1967):	CFAF 59,6 billion
Per capita:	CFAF 17,250 (\$70)
Growth rate, real terms	Barely in pace with population growth

Government Finance: (in billions of CFAF)

	Actual			Budget
	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Domestic revenue	10.1	9.4	11.2	11.7
Current expenditure	10.7	11.4	12.8	12.9
Current deficit (-)	-0.6	-2.0	-1.6	-1.2
Investment expenditure	-0.2	-0.6	-1.1	-0.5
Total deficit	<u>-0.7</u>	<u>-2.5</u>	<u>-2.7</u>	<u>-1.6</u>
Financed by:				
French subsidies	0.4	0.5	0.3	1.7
Drawings on liquid reserves and accumulation of arrears	0.3	2.0	2.4	-0.1

Money and Credit: Chad is a member of the Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun (BCEAEC) and as such uses the CFAF.

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
	Dec.	Dec.	Dec.	June
Money supply	7.24	7.24	7.60	8.13
Domestic Credit	9.52	10.86	12.56	12.90
Foreign assets (net)	-1.61	-2.01	-2.88	-2.34 (May)

Balance of Payments: (in billions of CFAF)

	<u>1968</u>	<u>1969</u>
Exports f.o.b.	10.2	9.1
Imports f.o.b.	10.9	10.1
Trade deficit	-0.7	-1.0
Services (net)	<u>-4.2</u>	<u>-5.8</u>
Current account deficit	<u>-4.9</u>	<u>-6.9</u>
Transfers (net)	4.6	5.1
Capital	-0.1	0.5
Errors and omissions	-	0.4
Monetary movements	0.4	0.9

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Commodity Concentration of Exports

	<u>Average</u> <u>1967-1969</u>
Cotton	64% of exports
Livestock and meat	28% of exports

External Public Debt:

In millions of dollars

	<u>Disbursed</u>	<u>Including</u> <u>Undisbursed</u>
Total outstanding as of Dec. 31, 1969	33.4	50.0
Total debt service	3.0	6.1 (1970)
Debt service ratio (goods and services)	4.5%	10.0%

Bank Group Operations

IDA Credit (125 CD): Aug. 1968	US\$ 4.1 million for highway maintenance
(126 CD): Aug. 1968	US\$ 1.8 million for education

IMF Position (July 1970):

Quota:	\$ 10.0 million
Drawings:	\$ 3.8 million

5. POLITICAL SITUATION

The Chari River is not only an economic, but also a major political dividing line in the country. To the North, the people are mostly Arabic-speaking Muslims living off cattle. South of the Chari, people are mainly animistic or christianized negroes who speak a multitude of languages, of which Sara is the most important. Each of these groups accounts for about half of the total population.

The central administration has been dominated since colonial times, and more pronouncedly since Independence, by the Sara from the South, to which President Tombalbaye belongs. A native of Koumra (close to Fort Archambault), the main city in the South, he has been firmly at the head of his country since it became politically independent from France in 1960. He integrated some representatives of the Arabic areas into his Government, but this remained a token gesture, and in general, the overriding importance of the South has increased under President Tombalbaye. Recently some new concessions were made to the northern areas. Some political, judiciary and taxation powers were returned to the sultans, who had become almost exclusively religious leaders.

The underlying historical tensions between the two main cultural groups in Chad flared up again in 1968, and led to a state of widespread rebellion, which ultimately led to French intervention. Chad's nationhood, precarious at best, has been profoundly affected by this development. A series of isolated acts of banditry-- a common phenomenon in the northern and eastern regions of Chad -- became more coordinated since August 1968 and, especially in the North, more related to the political developments in the country. In April 1969, the Government had to call on substantial French military and administrative assistance, within the framework of defense agreements signed at Independence. The move acknowledged the Government's inability to control the situation, and President Tombalbaye's prestige within the country and abroad suffered in consequence. An increase in the frequency of clashes between rebels, Government and French forces led to a reduction in the freedom of movement within the country, and the withdrawal of foreigners working on development projects outside the main towns.

French action, initially logistic, subsequently involved actual fighting --
French military expenditure in Chad is quoted to be running at the rate of about
 US\$50 million per year. With such assistance, President Tombalbaye had succeeded
 in reducing the rebels' pressure and withdrawal of French troops had started
 in the middle of 1970. After the foreign legion had left, a new and well-
 organized attack on remaining regular French troops occurred/near Fort-Largeau in
 the Borkou-Enedi-Tibesti region. Eleven French soliders died. This caused a new
 crisis in the French parliament, where the French military assistance had been
 seriously criticized for several months. It is doubtful that Chad's military forces
 will be able to preserve peace in the country if the French troops were forced to
 withdraw completely.

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The Government has now reluctantly accepted that there is a coordinated
 rebellion, although it is not clear how widespread the coordinated efforts are.
 Although there are several political rivals to the President, the only well-known
 opposition movement is the Front de Libération National Tchadien (FROLINAT), which
 is led, from exile in Libya, by Dr. Abba Siddick, a physician from the North, and
 a former Minister of Education in Mr. Tombalbaye's Government. His movement has
 progressively developed a rudimentary political and military structure within the
 rebel areas. FROLINAT's major objective is to obtain a better deal for the northern
 population. According to press reports, other long-term objectives include the
 evacuation of all foreign military bases, the establishment of a popular, democratic
 coalition Government, the implementation of agrarian reform and equality of the sexes,
 the elimination of the French monopoly over the country, the adoption of Arabic and
 French as national languages, and the establishment of diplomatic relations with all
 countries except Israel and South Africa. Dr. Siddick rejects separatism as in the
 case of Biafra and Katanga.

It may be difficult to re-establish a stable situation without making considerable concessions to the North, but at the same time these concessions may weaken the Government's position. It has been mentioned above that the Government is trying belatedly to transfer some responsibilities of regional administration to the sultanates, and is studying the possible implementation of reforms.

In an effort to clear up the interior political situation, presidential and parliamentary elections were organized in June and December 1969. The President and only eight members of the previous National Assembly (about 105 members) were up for re-election. The President was returned to power with an overwhelming majority. The new National Assembly members all belong to the Parti Progressiste Tchadien (PPT), a party created in 1947 by President Tombalbaye as a local section of Rassemblement Démocratique Africain (RDA).

In external relations, the Government pursued policies which tended to isolate Chad from its neighbors. In April 1968 the Government announced that it would withdraw from the Central African Customs and Economic Union (UDEAC) effective January 1, 1969, and join the Union of Central African States (UEAC), together with Congo (Kinshasa) and the Central African Republic. The latter went back on its decision and returned to UDEAC, leaving Chad geographically isolated from its remaining partner, Congo (K). Although Chad did not return to UDEAC, President Tombalbaye, as President of the Common Organization for the African States and ^{and Mauritius} the Malagasy Republic/(OCAM) has succeeded in improving its relations with the UDEAC member countries. Relations with Nigeria, Libya and Sudan, which Chad had accused of aiding the rebellion, have also improved recently.

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6. THE ECONOMY

Chad is a landlocked country two and a half times the size of Spain. Its main centers of activity are 1,000-1,500 km from the sea. Some 90 percent of its 3.7 million population derives a living from agriculture; 50-60 percent of national income is generated by crop cultivation or livestock raising for subsistence. Per capita GDP (including subsistence activities) is about \$70 and has not increased in real terms during the last five years.

North of the Chari river, the ^{Northern} population raises livestock for sale or subsistence. The non-^{Northern} population, living south of the river, cultivates cotton and subsistence crops.

Alleged economic oppression by the Government, which is almost exclusively staffed with southerners, is one of the reasons for the rebellion of the northern population. Excessive taxation of the livestock sector is considered an expression of southern domination. There is indeed scope for tax reforms with respect to rates, as well as to the basis of taxation, and the collection system. The Government recognizes the need for fiscal reforms as a condition for peace and has requested the IMF to advise on taxation. This tax reform will, however, have limited impact if it is not accompanied by a rigorous effort to contain expenditures.

Prospects

The recurrent fighting north of the Chari river is definitely the major impediment to development. Not only have security expenditures risen to exorbitant levels, but the lack of security has also forced the withdrawal of personnel working on development projects, and there is some fear that past gains in disease eradication in cattle may be lost.

Table 1: PUBLIC SAVINGS AS PERCENT OF TOTAL REVENUE, 1963-1969

(in millions of CFAF)

	Total revenue (1)	Current Expendi- tures (2)	(2) as percent of (1)	Public savings (3)	(3) as percent of (1)
1963	6,414	6,040	94	374	6
1964	6,648	6,729	101	-81	-1
1965	7,970	7,882	99	88	1
1966	9,571	9,891	103	-320	-3
1967	10,214	10,736	105	-522	-5
1968	9,522	11,402	120	-1,880	-20
1969	11,220	12,822	114	-1,602	-14

Another immediate obstacle to development is the Government's tight financial situation which is the result of the increase in war related and recurrent expenditures; the decline in tax revenue from the livestock sector; and its withdrawal from a regional trade and economic union (UDEAC) ^{1/}. The Government's financial position is so precarious that it cannot mobilize public savings to contribute to investment projects. Even the increase in current expenditure that may result from development projects (education, road maintenance) adds to the already substantial overall deficit. To finance past deficits, the Government has accumulated commercial and debt service arrears.

^{1/} Although special arrangements have resolved most trading and transport problems, Chad has lost substantial receipts from the Solidarity Fund since it left UDEAC effective January 1, 1969. This Fund was created to compensate Chad and the CAR for special benefits derived from transit trade by coastal countries and for loss of industrial development by interior countries due to the existence of the customs union.

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The current deficit increased from CFAF 0.3 billion (US\$10 million) in 1966 to an average of CFAF 1.7 billion (US\$60 million) in 1968 and 1969. These deficits have been financed by French subsidies, drawings on reserve funds, and by advances from the Central Bank (BCEAEC) and the French Treasury which were turned over year by year.

Indirect taxes are becoming a more and more important source of fiscal revenue (52 percent in 1968 and possibly as much as 63 percent in 1970). The Government has had serious problems with tax collection, mainly due to the reluctance of the population of the northern regions to pay head and livestock taxes. The rebellion in these parts of the country is related to the level of taxation but especially to the abuses by the tax collectors. A number of new tax measures were introduced in an effort to meet at least the current expenditures in the near future, but even that may take a couple of years.

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Investments

It is difficult to say what the long-term economic objectives are; there are no well defined targets or plans at the moment. The first development plan (1966-1970) has been partially implemented; out of a total amount of planned investments of CFAF 47 billion, about CFAF 20 billion were actually invested. A new plan covering 1971-1975 is under preparation. The projects listed in early drafts total CFAF 49 billion (US\$176 million) or about CFAF 10 billion (US\$36 million) per year, which is substantially higher than actual investments under the 1966-70 plan. The new plan includes CFAF 21 billion (US\$76 million) for directly productive

projects, mainly in agriculture; CFAF 11 billion (US\$38 million) for infrastructure; CFAF 8 billion (US\$29 million) for education; and the rest for rural infrastructure, health and social affairs and studies. Most projects are in an early stage of preparation and it is unlikely that the country could usefully invest in the next two or three years much more than the CFAF 4 billion (about US\$14 million) it invested annually in the past five years. However, if peace would be restored and the financial situation could be improved due to reduced military expenditures and improved tax collection, the country's absorptive capacity would increase.

In addition to peace and financial reforms there are some other (though less urgent) prerequisites for sustained economic development. First, the external payments position has been gradually deteriorating, possibly to some extent as a result of factors beyond the country's control (worsening of the terms of trade). Because of the financial arrangements with France and the BCEAEC countries, this is unlikely to create serious problems in the short run, but eventually this trend will have to be reversed. The Government has taken the prudent step to tackle the problem, with IMF assistance, while there is still time to manoeuvre. Secondly, the involvement of Government staff (other than technical assistance experts) in the preparation and execution of projects is marginal. It may be necessary to train Chadian nationals for these responsibilities more rapidly. Thirdly, Chad's land-locked position requires a special relationship with neighboring countries. It may be beneficial to renegotiate trade and economic agreements in the face of obvious long-term regional conditions.

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If a working relationship could be arranged between the two population segments and if the Government is willing to embark on a program to adjust its financial position to the needs of long-term development, there is room for progress in the next decade. The livestock sector has a great development potential. There are ample opportunities to increase productivity through the provision of watering points, disease eradication, stock improvement, development of stockroutes, and the provision of infrastructure (markets, slaughterhouses). Market prospects are excellent; demand in neighboring countries (especially Nigeria) is increasing rapidly. Cotton production can be further expanded. On the basis of past experience, the cotton crop could be expected almost to double by 1980; however, it would be difficult to find substitute cash crops, should cotton prices decline to uneconomic levels. There are also some possibilities to diversify agriculture somewhat, (gum arabic, sugar, wheat, rice, groundnuts). There are no evident opportunities for significant industrial development in the near future, but it may be possible to establish some import substitution and some food processing plants. Development of infrastructure is necessary to support the promotion of production facilities. Among others, transportation needs improvement, in particular the access routes to the sea. Communications require extension. Social infrastructure also needs expansion especially educational facilities, water supply, sewerage systems and health care.

The balance of payments is characterized by a substantial deficit on goods and services, largely financed by foreign assistance and private transfers, as well as by some private capital inflow. The net inflow of

official unrequited transfers increased from CFAF 4 billion in 1968 to CFAF 5 billion (US\$18 million) in 1969. The overall balance of payments deficit, as measured by the net monetary movements, increased from CFAF 0.4 billion (US\$1.4 million) in 1968 to CFAF 0.9 billion (US\$3.4 million) in 1969. However, this was still substantially smaller than the 1966 and 1967 deficits, which amounted to about CFAF 2.1 billion (US\$7.6 million) each.

Foreign assistance is composed of budget subsidies, mainly from France, development aid and technical assistance from many sources, and US\$3.8 million stand-by from the IMF. France, FED, and the U.N. have been the main contributors of development aid. Most of the assistance is in the form of grants. Available estimates indicate that the level of aid has increased from CFAF 11 billion in 1964 to CFAF 16 billion in 1969. French aid amounted to 82 and 71 percent of these totals. FED is the second most important donor (9 and 13 percent respectively). Outstanding external public debt has increased from US\$42 million at the end of 1968 to US\$60 million at the end of 1969, including US\$17 million undisbursed. Thus the debt service ratio increased from 4.5 percent in 1969 to about 10 percent in 1970. Loans from Government and international organizations account for 94 percent of the total disbursed.

The Government's financial situation should be expected to remain weak for the foreseeable future. Even with determined efforts, it will take several years to clear the arrears, to make new funds available for current expenditure related to new development projects, and to generate some public savings. Foreign assistance should therefore continue on concessionary terms. In view of the scarcity of Government funds for investment, foreign donors should be prepared to participate to a large extent in local costs of projects.

THE ECONOMIC SECTORS

AGRICULTURE

Cotton

For the time being, the growth of the cotton sector is critical for the economy, and prospects for the whole economy will depend on its growth. At present prices, Chadian cotton would be competitive if it did not have to bear an export tax. So far, the export tax has been borne by FED in the form of a subsidy. Some cotton is grown on sub-marginal land, and the Government, backed by FED, FAC and IDA assistance, should continue to concentrate production on the higher-yielding areas. The country should also try to diversify its economy, because world prices for cotton are expected to decrease. Livestock, and on a smaller scale, gum arabic, offer the most obvious potential for diversification.

A FED/Bank Group coordinating meeting was held in Brussels in early December to outline a cotton development scheme in the light of the new FED policy which is to terminate price subsidies. FED proposed a multi-purpose project to be jointly financed with the Bank Group. In addition to cotton development, the project includes livestock and various other agricultural commodities. The total project cost is estimated at US\$40 million for a five-year period, of which US\$29 million in foreign exchange. FED would finance US\$8 million for its account and leave the remaining US\$17 million to the Bank Group and possibly other donors. (See 9 A - Technical Note on Cotton Development).

Who will contribute

In the framework of the cotton development program, the Government intends to transform Cotonfran -- a French private firm which has a monopoly of all cotton activities from purchase at the farm to export overseas -- into a mixed company. IFC was approached by both parties to participate in the discussions to be held in Paris in the second half of December 1970. Chad is not yet a member of IFC.

Livestock

Livestock, which contributed almost 10 percent to GDP in 1967, has great potential, especially for the region above the Chari River, but it is at such a low level of development that improvement will be a very slow process. The national herd is worth US\$86 million, and the annual rate of growth is estimated at maximum 1.5 percent. Commercialization is very haphazard, and prices and incentives for the stock raisers are poor.

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Gum Arabic

Gum arabic offers potential for development, especially for the area around Abéché, close to the Sudan border. Prices for this product are good in Sudan which is the world's largest exporter of this product. There are good opportunities to increase production through intensification of tapping of wild trees (maximum 3,000 tons), the establishment of commercial plantations, and the improvement of the processing system. Production peaked at 1,345 tons in the 1967/68 season, but fell to an estimated 550 tons in the 1969/70 season, partly due to bad weather, but undoubtedly also due to the security situation in the region. The production and export of this crop should occur via Sudan and not via Fort Lamy as has been the practice for political reasons.

TRANSPORT

As a land-locked country with an inadequately developed transport system, Chad faces several problems. Several areas of the country use different routes to the sea, all of which are mainly on foreign territory. Fort Lamy uses the Nigerian Route, the Moundou area uses the Cameroon Route (Trans-Cameroon railroad) or the Cameroon-Nigeria Route (via the Benué River), and the Fort Archambault area uses the Transequatorial Route (formerly managed by ATEC).

Various studies have been made on this subject, and the position so far adopted by the Bank is that, although the Nigerian Route will remain the most beneficial route for imports to the Fort Lamy area, the extension of the Transcameroon railroad to Ngaoundere by 1974 will make the Cameroon Route most beneficial for the area of Chad below the Chari River. The proposed road connection between Ngaoundere and Moundou would directly link the Chad cotton area to the northern railhead of the Cameroon system. At present there is relatively too much importance placed on keeping open all the access roads to the sea, rather than developing one efficient route for most of the country. The Government has even expressed an interest in the Trans-Saharan Route, and also puts too much emphasis on the creation of a road triangle Fort-Lamy - Abéché - Fort Archambault. In view of the large distances within the country and the relatively low traffic volumes, air transport may well be a more economic alternative.

Improvements of the secondary road network in the agricultural areas and allocation of adequate funds for road maintenance will be necessary. (See 9 B - The Transport Sector).

EDUCATION

Chad lacks skilled manpower and experienced decision-makers. The Government's capacity to select projects and evaluate those that have been selected is limited, and the need for top-level people is most urgent. Chad can do very little about that in the immediate future. For some time to come, it will have to depend on foreign technical assistance. The most urgent manageable task facing the Chad Government is at the middle technician level where a combination of theoretical and practical competence is essential to improve the effective supervision of labor. The Bank Group, FED, FAC, and the Canadian International Development Agency (CIDA) are providing or considering providing assistance in the field of education. (See 9 C - Education).

PUBLIC UTILITIES

Good communications are of vital importance in a country which sells most of its production in the world market. The Post, Telegraph and Telephone Services are mainly publicly owned, but the Army and Cotonfran have their own private radio communication system because automatic telephone exchanges are available or in the process of being installed in only nine cities. Other inter-city communications and regional links are based on a public radio system which functions poorly.

Only four towns have water and electricity. The electricity is very expensive because it is generated with imported fuel. With the present financial situation, the Government cannot afford expansion of the systems.

7. POPULATION PROBLEMS

Very little information is available about population in Chad. Estimates of the total population run from 3.5 to 3.7 million as of 1970. This population is very unevenly distributed across the country. The latest figures, from 1964, show population density ranging from 0.2 persons per square mile in the empty desert land to 57.8 in the heavily populated upper Logone basin in the south. The over-all population density of the country is 6.7 persons per square mile but, leaving out the sparsely settled desert which has half of Chad's area but only two percent of the population, the density increases to 12.2 persons per square mile.

Estimates of the growth rate vary from 1.6 percent to 2.5 percent. Certainly the growth rate in the southwest is probably close to that of neighboring African societies in adjacent countries, which are growing at the rate of 2.5 percent per year. The U.N. Population Division estimated Chad's annual growth rate at 2.3 percent and projected an increase to 2.5 percent during the 1970-75 period. The 1968 population of some of Chad's main cities was: Fort Lamy, 132,500; Fort Archambault, 35,000; Moundou, 34,100; and Abéché, 19,650.

The Chadian people are comprised mainly of: (a) the Sudanic group--the Sara, Banana, Moundang, and Baguirmian; (b) the Nilotic peoples--the Ouaddian, Dar Massalit, Moubi, and Dadjo; (c) the Arab-speaking group--the Hassaouna and Djoheina; and (d) the Saharan peoples--the Kanimbou and Toubou. Beginning perhaps as early as the eighth century,

Arab elements entered Chad from the north across the Libyan Desert bringing with them the Islamic faith, which their ancestors follow today. Following the fall of Christian Nubia in the 14th century, there began a massive Arab and Islamic influx from the east. As a result of these Arab penetrations, the population of Chad remains divided between the Saharan Muslims and the indigenous Negroid southerners. The latter group, with the exception of a small Christian minority, have retained their traditional animistic practices. There are also about 5,000 Europeans living in Chad.

No efforts have been made to limit the population. Indeed, the Government favors a larger population for political and economic reasons, and does not appear to appreciate fully the consequence of a high population growth.

8. BANK GROUP OPERATIONS

A. PAST OPERATIONS

Highway Maintenance (\$4.1 million, IDA Credit No. 125 CD).

This Credit was signed on August 14, 1968; it consists of maintenance of the main roads in Chad, and provides for feasibility and detailed engineering studies of the Djermaya-Djintilo road.

Because of delays in equipment delivery and the security situation on the entire network, it was not possible to expand road maintenance activities. For these reasons, the Government was unable to earmark funds in the Road Fund. However, it is ready to meet its financial obligations as soon as delivery of two lots of equipment is made; the first, expected prior to November 1971, and the second prior to November 1972. The closing date of the Credit, December 31, 1973, can still be met. Within the framework of this project, USAID, which has been providing technical assistance for training of operators and mechanics, agreed to continue providing this assistance.

Education (\$1.8 million, IDA Credit No. 126 CD)

This Credit was signed on August 29, 1968. The project consisted of constructing buildings and providing equipment for two training centers - one for primary school teachers at Moundou and the other for agricultural technicians at Fort Lamy. The French Government's Fonds d'Aide et de Coopération (FAC) is providing most of the instructors for the two centers, and will organize the training of Chad personnel to replace French staff. Implementation of the project will be carried out by an Education Project Unit. During a Bank supervision mission in March 1970, the Project Unit informed the mission that a cost overrun of about 30 percent above appraisal estimates is to be anticipated.

Because of this cost overrun and the transfer of the Agricultural Technicians Training Center from Fort Lamy to Fort Archambault, deferment of the closing date of the Credit, March 1972, will be necessary. (See section on Education II under C-Pro prospective Operations).

B. BANK/IDA PROGRAM

Last year's Country Program Paper concluded that the limited development opportunities and the serious political uncertainties in Chad did not justify the investment of large staff resources in Chad at a time that our activities in more promising areas of the world were limited by staff constraints. We therefore developed a limited program, and although we never abandoned completely our work on this program, insecurity in the project area forced us to postpone some activities on the livestock project while continuing preparation and appraisal of a second education project. The security situation has now improved, but it is not sure whether this situation will last long past the withdrawal date of all the special French troops.

These remaining uncertainties compel us to continue the cautious approach adopted after last year's CPP review. Undoubtedly, financial support by the Bank Group will have a salutary political effect. It would help to increase prestige and stability of the Government which has already had some success in negotiations with Chad's Arab neighbors, Libya and Sudan, who guaranteed non-interference in Chad's internal problems.

The security situation will, at least indirectly, influence the Government's capacity to implement projects, even in areas where calm reigns. We may finance almost 100 percent of capital costs (including most of the local costs), but most projects are associated with additional recurrent expenditures that the Government will be hard pressed to meet from budgetary resources as long as the pacification effort continues. We hope that technical assistance by the IMF in the reform of the tax system, and continued financial support by France, will alleviate the Government's budgetary situation sufficiently to allow us to continue operations, at least to implement those projects that are not directly affected by the security situation.

In view of the political and budgetary problems, our lending program for Chad is beset with more uncertainties than in other African countries. Slippages must be expected to continue. The Chad lending program will also have a large rate of projects dropped, since the limited development opportunities make it difficult to find truly viable projects. The gross lending program must be of an appropriate size to account for the probability of projects dropped or deferred until they become economically justifiable.

The lending program approved during last year's CPP review (See 12-Appendix, Country Program Paper - Chad) has already been changed considerably. Unless the FY 71 livestock project slips further, there will be no operations in FY 72. Slippage of FY 72 projects has already clogged the FY 73 program beyond the Government's implementation capacity; with five projects and an allocation of \$26 million, the FY 73 program is also too large on grounds of availability of Bank staff and IDA funds. (The latest P & B approved FY 71-75 lending program is attached) For these reasons, a revision of the Chad lending program will be required. A new CPP is being drafted for review in March 1971, but a tentative draft of the FY 72-76 lending program that we will then submit for approval is attached for preliminary clearance. The status of projects it contains is explained in more detail in Section C - Prospective Operations - below.

Population: 3.4 m
GNP Per Cap: \$70

IVa. CHAD - 5 YEAR LENDING PROGRAM

SU
revised plan

(\$ millions)

		Fiscal Year					Total	Total	
		1970	1971	1972	1973	1974	1975	1964-68	1969-73
Livestock I	IDA		1.0						
Livestock II	IDA				4.0				
Irrigation	IDA				6.0				
Rural Development	IDA				2.0				
Agriculture Unidentified	IDA						5.0		
Communications	IDA					3.5			
Education II	IDA		2.5						
Education III	IDA				4.0				
Education IV	IDA						2.0		
Air Strips	IDA					3.0			
Roads II	IDA				10.0				

IDA	<u>3.5</u>	<u>26.0</u>	<u>6.5</u>	<u>7.0</u>	<u>35.4</u>
No.	2	5	2	2	9

CHAD - Actual and proposed lending program through FY 1976

Population: 3.7 m
Per cap inc: \$70 (1970 Estimate)

	through 1968	1969	1970	1971	1972	1973	1974	1975	1976	1968-68	1969-73	1972-76
<u>Agriculture</u>												
Livestock I				1.0								
Livestock II							4.0					
Irrigation						3.0						
Cotton Development						5.0	low?					
Land Settlement								5.0?				
<u>Transportation</u>												
Road I	4.1											
Road II						2.0						
Road III										4.0		
Air Strips										3.0		
<u>Education</u>												
I	1.8											
II				2.8								
III									4.0			
<u>Public Utilities</u>												
Telecommunications							3.5					
<hr/>												
	IDA	5.9		3.8		10.0	7.5	9.0	7.0	5.9	13.8	33.5
	IBRD	-		-		-	-	-	-	-	-	-
<u>Gross Program</u>	Total	5.9		3.8		10.0	7.5	9.0	7.0	5.9	13.8	33.5
	No.	2		2		3	2	2	2	2	5	9
	IDA	5.9		3.8		5.0	7.0	7.0	7.0	5.9	8.8	26.0
	IBRD	-		-		-	-	-	-	-	-	-
<u>Net Program</u>	Total	5.9		3.8		5.0	7.0	7.0	7.0	5.9	8.8	26.0
	No.	2		2		2	2	2	2	2	6	8
<u>IDA credit outstanding:</u>												
	- Including undisbursed	5.9	5.9	5.9	8.8	8.7	14.7	21.7	26.4	28.1		
	- Excluding undisbursed	-	-	0.1	3.0	5.0	7.0	9.0	11.3	13.0		

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C. PROSPECTIVE OPERATIONS

Livestock (FY 71, \$1.0 million IDA).

This project was appraised in October 1968 and negotiated in July 1969. It would consist of construction of new stock wells and repair of existing wells in the Batha region. A Livestock Development Unit (LDU) to be financed by UNDP would carry out the project.

We have delayed the presentation of this project to the Board because of the security situation in the area. We have asked that bids be submitted before Board presentation because of the uncertainties which surround the total cost of the project. The bidding documents prepared by an Italian consulting firm SAUTI are now ready following Bank Group and Government agreement.

Presentation of this project to the Board is scheduled for May 1971. However, it is subject to receipt of satisfactory bids by the Government, and the restoration of the security situation in the area.

In relation to this project, the Government has already paid for a livestock development study carried out by an American consulting firm, Arthur D. Little Co. This study would be the basis of the LDU work which will consist of preparation of a second livestock project to be included in the FY 74 lending program.

Education II (FY 71, \$2.8 million IDA)

A request for financial assistance submitted to IDA by the Government in April 1967 included a request for additional facilities and equipment for a secondary technical school. Because of lack of information, this item was not included in the first education project. The Government again submitted a request, and a mission to Chad in September 1969 concluded that the cost of remodeling buildings and the renovation of the existing buildings would have been close to the cost of a new school. In addition, the mission felt that Fort Lamy, the

center of industrial and economic activities, was a more appropriate location for a technical school than Fort Archambault. However, for a regional balance, the mission recommended also to transfer the Agricultural Technician Training Center included in the first education project from Fort Lamy to Fort Archambault, and to transform the existing technical school in Fort Archambault into an accelerated vocational training center. After discussions with IDA, the Government agreed with the recommendation of the mission.

The project was appraised by a Bank/UNESCO mission in September/October 1970. It would consist of:

- (a) construction of and equipment for:
 - ① - new technical secondary school at Fort Lamy;
 - ② - the conversion of a technical school at Fort Archambault into an accelerated vocational training center;
 - ③ - the transfer of the Agricultural Technician Center from Fort Lamy to Fort Archambault.
- ④ (b) a pre-investment study on training of young farmers.

This project would be negotiated in February 1971, and presented to the Board in March 1971.

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Irrigation (FY 73)

Two irrigation projects are under preparation - one in ^① the Sategui-Deressia region with the financial assistance of UNDP, and the other in ^② Lake Chad Polders with FAC financial assistance. The Sategui-Deressia feasibility study is being carried out by an Italian consulting firm, Carlo Lotti, and the feasibility/^{study} of the Lake Chad Polders by a French consulting firm, SCET-Cooperation.

The projects would consist of construction/^{of} drainage and irrigation systems for the improvement of rice production. The Sategui-Deressia project is also of interest for Cameroon which would have a similar project in the Semry region.

Semry region

The Sategui-Deressia and the Lake Chad Polders feasibility studies are expected to be ready late 1971 and would be items of a Credit for FY 73 if they prove feasible.

The Sategui-Deressia project might be jointly financed with the African Development Bank which is prepared to send a staff member in the field with the Bank Group appraisal mission.

Cotton Development (FY 73)

After the FED mission in May 1970 and FED's decision to concentrate its productivity program in the three regions of Tandjile and Western and Eastern Logone, the Government has requested Bank Group assistance for a cotton development program.

The project to be jointly financed with FED would consist of:

- (a) acquisition and distribution of insecticides, fertilizers, and seeds;
- (b) acquisition and distribution of equipment by the farmers;
- (c) technical assistance to carry out the project.

The project implementation would depend on agreement to be reached between the Bank Group and FED on the size of the project and the role to be played by the ginning and marketing company COTONFRAN, and by the Chadian Development Bank. (See also 9 A - Cotton Development).

Handwritten notes on the right margin: an arrow pointing up, "Lonty is at program", and "w. J. ...".

Land Settlement, Middle Valley of the Chari (FY 75).

Priority should be given to the development of the underpopulated middle valley of the Chari River where people from the overpopulated South could be re-settled. Preliminary and feasibility studies will be carried out with FAC financing by late 1971. The project would consist of settlement of farmers and measures for improvement of the production of gum arabic, millet and groundnuts for import substitution. Because of lack of experience in land settlement projects, this project is proposed for Bank Group consideration in FY 75.

Transport

The proposed lending program in transport includes:

(i) Roads II (FY 73). This project would consist of the construction of a bridge over the Chari River, for which a preliminary study was carried out by a U.S. consulting firm for the Lake Chad Basin Commission under USAID financing. The bridge is preferable to a ferry linking Chad to Cameroonian and Nigerian transport systems.

A PMWA transport sector review of Chad in September 1970 has identified the project and recommended construction of a one-lane bridge between Fort Lamy and Fort Foureau. This bridge was one of the projects of common interest discussed during the meeting between President Tombalbaye and President Ahidjo of Cameroon at Moundou in August 1970.

Because of lack of resources, USAID will not be able to finance the feasibility and detailed engineering studies.

(ii) Roads III. ^(FY 75) This project concerns construction of the Djermaya-Djimtilo road. The feasibility study of this road was included in the Highway Maintenance Credit. The consultants concluded that the project should be deferred until FY 75 because of a low internal rate of return at this stage.

(iii) Air Transport. ^(FY 76) Because of the size of the country, air transport is of great importance to Chad; we therefore propose to initiate the necessary pre-investment studies on internal air transport.

Education III (FY 76)

The Education II project includes provision for a pre-investment study for the training of young farmers. Education III would consist of building and equipping school-farms for training young farmers. However, because of the slow implementation of the existing education project, Education III is proposed for FY 76.

Telecommunications (FY 74).

A March 1970 Bank reconnaissance mission identified a project which would consist of the development of the Fort Lamy telephone system, the basic long-distance link to the South, including regional links with Nigeria and Cameroon. The project would also involve modernization and expansion of local telephone installations, as well as the telegraph and telex systems. Further consideration of this project is subject to establishment of an autonomous agency, and the confirmation of this program by the Government.

D. PROJECT UNDER CONSIDERATION BY IFC

A French company, the Société Cotonnière Franco-Tchadienne (COTONFRAN), which has been operating in Chad since 1927, has had a monopoly for the purchase, ginning and export of Chad's cotton during the last ten years. The ten year convention expired in October 1970. This gave an opportunity to the Government to review its relations with COTONFRAN and the creation of a new local company, in which the Government and COTONFRAN will be the major shareholders and IFC would be invited to invest, is under consideration. (See Section 9 last par. below). In late 1969, COTONFRAN had already asked IFC if it could help finance an expansion of the company's cotton ginning activities in Chad. As the continued existence of COTONFRAN as a separate operating entity in Chad has in the meantime become doubtful, an agreement will have to be reached on the status of COTONFRAN prior to any IFC operation. Most probably COTONFRAN's operating assets in Chad will be sold to the new local company.

On December 15 and 17, 1970, at the Chad Government's initiative, meetings were held in Paris between COTONFRAN, the Government and other prospective shareholders in the new company. IFC was invited to attend. The meetings were chaired by Mr. Lamana, Chad's Minister of Economy, Finance and Transportation. The main issues at stake (i) prospects for increasing cotton production and assuring adequate transport facilities, (ii) the outlook for the world cotton market, and (iii) terms for the proposed reorganization. The Government representatives explained the importance of further developing cotton production in Chad (cotton production already accounts on the average for 64% of Chad's total exports). A preliminary report on the expansion project for the new company was also presented.

Members of the Chad Government are to visit Washington in the second half of January for project discussions with the Bank and IFC. Arrangments for an possible IFC mission to appraise the proposed IFC project will be included in the discussions. Mr. Lamana suggested such a mission at the Paris meeting. A full report of the meeting follows Section (A on Cotton Development.

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COUNTRY PROGRAM PAPER ^{1/}

CHAD

Population: 1969	3.5 million	<u>Bank/IDA lending (\$ m.)</u>		
Rate of population growth:	1.5% p.a.	<u>1964-68</u>	<u>1969-73</u>	<u>1971-75</u>
GNP per capita, 1967:	\$60	IDA -	40.4	42.5
		<u>per cap. IDA(\$)</u> ^{2/}	<u>11.5</u>	<u>12.2</u>

Exchange rate: \$1.00 = CFAF 246.85 before August 1969

\$1.00 = CFAF 277.71 since August 1969

A. Country Objectives

Introduction

1. Chad is the largest landlocked country of Central Africa with an area of 1,284,000 sq. km. Its borders are about 2,000 kilometers from the nearest seaport. The northern half of the country lies in the Sahara and is largely desert, except for seasonal grazing following the short rains. The southern one-tenth, south of the Chari River, has an adequate combination of suitable soils and sufficient rainfall for settled agriculture. It is there that almost all cotton and most of the subsistence crops are cultivated. In between these two extremes lies the Sahelian zone, an area in which subsistence agriculture is mixed with livestock grazing by settled farmers and semi-nomadic livestock herders. The Chari and Logone rivers drain most of Southern Chad and a part of the Central African Republic and Cameroon as well. Because of the seasonal nature of rainfall and rapid surface drainage, these rivers have a high peak flow, causing extensive annual floods in the southern area. Except for those roads which have been raised above the flood level, surface communications are cut for several months. This seriously hampers the economic life of the country; crops have to be evacuated between the harvest and the beginning of the rains, and the administration and the security of the countryside deteriorates. During this part of the year, air transport is of unusual importance.

^{1/} This paper is based on work carried out by the Bank's second economic mission to Chad which visited the country in March 1969. (c.f. Report No. AW - 13, Volumes I-IV).

^{2/} i.e. IDA programs for each of the three five-year periods divided by 1969 population.

2. The Chari river is a major political dividing line in the country. To the north, the people are mostly Arabic-speaking Muslims, and livestock raising is the major occupation. These people have long been indifferent to southern politics, and have resisted the political domination of Chad by the western-educated elements from the South. This has been manifested in the past principally by a refusal to pay livestock and civic taxes, and by occasional raids. The southern tribes are mainly animistic or christianized negroes who speak several languages, of which Sara is the most important. They are settled subsistence farmers, growing cotton as a cash crop.

3. Before the final French conquest during World War I, the North was organized in a number of large sultanates. In the south, political authority was diffused among a large number of tribal and village units. These differing political traditions were the occasion for rivalry between the two cultural groups. The northern sultans were dominant and often raided the southern tribes for slaves. In contrast to the coastal countries where civil administrations were established at an early stage, French influence in Chad was very largely military, and as a result, missionary education started relatively late (about 1930), and its success was limited to the southern tribes, where an educated elite adopted Christianity and the French language. Although the country was conquered between 1909 and 1915, it was not until 1964 that the French military administration was withdrawn from parts of the North.

4. Chad became independent in 1962, and became a member of the Bank and IDA in 1964. At independence, it was associated with neighboring French-speaking countries by a number of regional arrangements which are now being seriously weakened. These included a regional central bank (BCEAEC) ^{1/}, a customs and economic union (UDEAC) and transport authority (ATEC).

Recent Political and Economic Developments

5. The underlying historical tensions between the two main cultural groups in Chad have intensified over the last two years and led to a state of widespread rebellion. Chad's economy, precarious at best, has been profoundly affected by this development. In spite of efforts to integrate representatives of the Arabic areas into the Government, the central administration has been dominated since Independence by the Sara tribe. President Tombalbaye from Koumra close to Fort Archambault, the main city in the South, has led his country firmly if dictatorially in a policy which has attenuated the over-riding economic importance of the South, while only making some visible concessions to the northern areas recently.

^{1/} The members of BCEAEC are: Cameroon, Chad, CAR, Congo (B) and Gabon. Membership of the BCEAEC has ensured convertibility of the currency and facilitated access to the French aid.

6. In August 1968, a small contingent of French troops was sent to the far north of the country to assist in controlling an armed rebellion. At the time, this was regarded as just another in a series of isolated acts unrelated to the main political developments in the country. A Bank appraisal mission which visited the country in September/October 1968 found that movement was restricted even in the central areas of the country, but that the main target of the rebels was apparently the provincial administration, while the veterinary services and the execution of development projects was proceeding without undue hindrance. This has deteriorated since then.

7. In April 1969, the Government had to call on substantial French military and administrative assistance within the framework of agreements signed at Independence. The move acknowledged the Government's inability to control the situation, and President Tombalbaye's prestige within the country and abroad suffered in consequence. The deterioration in the situation led to a reduction in the freedom of movement within the country, the withdrawal of foreigners working on development projects outside the main towns, and an increase in the frequency of clashes between rebels, Government and French forces. French action, initially logistic, subsequently involved actual fighting. French military expenditure in Chad is quoted to be running at the rate of about US\$50 million per year. The French involvement has been criticized recently in France, and the French Government has let it be understood that their commitment is limited, temporary and conditional upon economic reform measures.

8. It is not easy to assess the political prospects at this moment. It may be difficult to re-establish a stable situation without making concessions to the North, but these concessions may at the same time weaken the Government's existing sources of support. The Government has however continued to show certain signs of confidence: Presidential elections were held in June 1969 under bad military and climatic conditions, but a high poll overwhelmingly in favor of the President, the only candidate, was nevertheless reported. The Government has wisely if belatedly transferred some of the responsibilities of the provincial administration, such as tax collection, back to the traditional sultanates and is considering reducing civic taxes in the center and north. The Government has also held the overdue legislative elections on December 14, 1969, which brought 75 new faces in the Chad parliament, all representing the governing party as before.

9. On the other hand, the opposition movement, the Front National de Liberation Tchadien (FROLINAT), led from exile in Libya or Cairo by Dr. Abba Siddiq, has progressively developed a rudimentary political and military structure within the rebel areas, and has had some success in bringing together groups which were initially no more than marauding bands. Beyond obtaining a better deal for the northern population, and achieving power in the country, FROLINAT's long-term objectives according to press reports include the evacuation of all foreign military bases, the establishment of a popular, democratic national coalition government, agrarian reform, equality of sexes, elimination of the French monopoly over the country, the adoption of Arabic and French as national languages, and establishment of diplomatic relations with all countries except Israel and South Africa.

10. The Government's immediate problem is a military one. If the French are constrained to withdraw their active military support the Government may again face a situation that it is unable to control. As long as the rebels are operating in a few relatively well organized bands, the French paratroop forces may continue to be successful in breaking them up, but should they disperse into a guerilla resistance and bide their time until the French have withdrawn, the problem may become insoluble. The economic resilience of the semi-nomadic rebels may have been underestimated: these people are able to live off their cattle with a little millet which they grow themselves, and they can be economically very independent of the outside world. They can continue to obtain a minimal supply of arms, as they have done in the past, by smuggling and by ambushing Government forces. Their operations are practically immune to disruption of transport and communications, while the Government forces, depending on vehicles, rely on passable roads, and are very exposed in the bush unless they have strong logistic support.

11. The second problem is political and economic. If the integrity of the country is to be restored, significant concessions will have to be made to the northern population. This should mainly take the form of a serious tax reform and some form of earmarking for development projects in the North, where almost no government expenditure takes place except for military operations. At present the livestock owners are taxed much more heavily than the cotton growers in the South. Cotton is hardly taxed at all on a net basis since the subsidies really amount to an indirect budget subsidy. ^{1/} On the other hand, livestock is heavily taxed both through animal head taxes and export taxes. The main source of the growth in the overall budgetary deficit is increasing military expenditures. In the present context of serious budgetary deficits, the austerity that would be required to restore budgetary equilibrium, and at the same time to pay for concessions to the North, would risk being politically unacceptable either to the cotton-growing population or to Government employees (including the army). Bearing in mind that the equally large population north of the Chari lives mainly of livestock and that the population south of the Chari lives mainly of cotton growing, the following data indicate the size of the problem:

^{1/} See Economic Report, Vol. 1, paragraph 29 for explanation of cotton subsidies.

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
(CFAF million)					
<u>Cotton Taxation a/ b/</u>					
Export tax	613	549	769	667	989
Subsidies	554	600	836	478	872
Net Tax	59	-50	-67	189	117
<u>Livestock Taxation a/ c/</u>					
Export Taxes	122	172	358	426	381
Head Taxes	278	369	387	294	220
Net Tax	400	541	745	720	601
<u>Military Expenditures c/</u>					
	1,137	1,645	2,682	2,700	3,000
<u>Current Budget Deficit c/</u>					
Apparent Deficit	147	-117	947	729	2,041
Cotton Subsidies	554	600	836	478	872
Real Deficit	701	483	1,783	1,207	2,913

a/ Excluding civic taxes on the population.

b/ Crop years 1964/65 etc.

c/ Calendar years.

12. The budget problem is to reduce military expenditure without impairing security and without provoking a reaction from the army, and restore balance in taxation of the livestock and cotton sectors, if necessary by increasing the effective taxation of cotton, while avoiding a strong reaction from the cotton farmers.

Economic Situation

13. For all its size, Chad is economically very small. It would not be viable as a separate entity without substantial external assistance. In the best of circumstances, the isolated location, the high transport costs, the virtual absence of natural resources, and the minimal infrastructure, combine to make economic development particularly difficult. (see map) The economy has been stagnant in recent years. Increases in money GDP have been fully absorbed by increased prices and by population growth. This is not expected to improve considerably in the next five years. Exports as a whole

have been static despite growth in cotton sales, which represent about 55 percent of total exports. Imports have remained high, rising sharply in 1967. Despite the amount of foreign aid and the large current deficit in the balance of payments during 1964-68, the level of investment has not risen significantly.

14. For the time being, the cotton crop is critical for the economy, and prospects will depend on its growth. At present prices, some cotton is grown on sub-marginal land and Government should continue to concentrate production on the higher-yielding areas backed with the FED and FAC financed productivity program. Cotton as a whole is competitive, but could not bear an export tax without subsidy at the previous exchange rate. In spite of the respite afforded by the August 1969 devaluation of the French and CFA francs, cotton could become uncompetitive with the continuing decline in world prices, and the country should diversify. Livestock has perhaps greater potential than anything else, but it is at present at such a low level of development that improvement will be a very slow process indeed. The annual rate of growth of the national herd is estimated to be about 1.5% and may be lower. Commercialization is very haphazard and prices and incentives for the stock raisers are poor. In all sectors, economic development in Chad will have to be strongly backed up with foreign technical assistance, since very few nationals have the necessary training and experience.

15. The economic consequences of the state of insecurity described above have been far-reaching: tax revenues in much of the country have declined, military expenditures have escalated, trade in livestock has been disrupted, and the normal flow of millet from the center of the country to the southern markets has been interrupted, seriously increasing food prices. Road transport no longer moves in many areas without escort, and maintenance of roads and stock-wells and disease preventing inoculations of cattle have been discontinued in the affected areas. clm

16. The veterinary services can no longer move freely, and France has consequently reduced the number of veterinarians assigned to Chad to a skeleton staff at Fort Lamy. Animal health has probably deteriorated during the past year, and the endemic diseases (pleuropneumonia, rinderpest) which had been brought more or less under control under a regional Lake Chad Basin program may reappear.

17. The problems directly attributable to the rebellion have been aggravated by unrelated Government actions. In April 1968, the Government announced that it would withdraw from the Central African Customs and Economic Union (UDEAC) ^{1/} on January 1, 1969, and join the Union of Central African States (UEAC), together with Congo (Kinshasa) and the Central African Republic. The reasons for this move are not clear. It was apparently a personal decision of the three Presidents. Congo (K) was able to use Chad and CAR's disenchantment with UDEAC to get out of its rather isolated diplomatic position.

^{1/} The members of UDEAC were: Cameroon, Congo (B), Gabon, Central African Republic and Chad.

within Africa. The Central African Republic subsequently went back on its decision and returned to UDEAC, leaving Chad physically isolated from its remaining partner, Congo (K). These decisions were taken without prior consultation, and the economic consequences have proved on the whole to be damaging to Chad. While it initially appeared that the trading problems would be resolved by ad hoc arrangements with the remaining UDEAC countries and particularly with Cameroon and Congo (B), the main impact has proved detrimental to the Government budget. Under the UDEAC agreement, Chad was eligible for substantial payments from the "Solidarity Fund" to which all member states contributed. The large net payments to Chad and the CAR were intended to compensate for loss of industrial development because of the customs union and as a refund for the profit made by the coastal countries on transit activities towards the countries of the interior. These revenues have now been lost, and Chad has neither been able to replace them completely by collecting additional customs duties at its own frontiers, nor by equivalent payments from Congo (K). 1/

18. The current budget deficit rose from CFAF 0.7 billion in 1967 to CFAF 2.0 billion in 1968. The deficits are even larger if the cotton subsidies are counted as budgetary support. The 1969 budget was presented to parliament nearly balanced, but revenue has been substantially overestimated as in previous years, and there is no reason to suppose that deficitary gap will be significantly narrowed this year. 2/ The deficits have been to some extent financed by drawings on reserve funds, but they have also been increasingly covered by advances from the regional Central Bank (BCEAEC), and from the French Treasury.

19. Chad's position within the Central Bank has become precarious. Net foreign assets, which were CFAF 2.8 billion at the end of 1964, fell to minus CFAF 2.4 billion in June 1969. The main reasons for the serious balance of payments situation and the decline in external assets are the high level of public expenditure and of private credit. In these circumstances the Government requested the IMF to authorize a drawing of its gold and first credit tranche, and an IMF mission visited the country in November 1969, but no final decision has been made in the IMF board.

Economic objectives

20. It is difficult to say what the Government's long-term economic objectives are. There are no well-defined targets or plans at this moment. The existing development plan (1966-1970) was initially conceived on an unrealistic scale, and investment targets had to be revised downwards in

1/ Congo (K) may have made some payments this year, but no permanent arrangements have been agreed.

2/ The deterioration in the budgetary situation is discussed in detail in Chapter 3 of the Economic Report (Volume I).

1968. Even the new targets although realistic, may not be fully achieved because of the difficult security situation. Overall priorities within the plan were not well defined and have been changed without much thought. (See Economic Report, Vol. I, para. 120).

Macro-Economic Objectives

<u>Indicator</u>	<u>Unit</u>	<u>Current Level</u>	<u>Bank Projection</u>	
			<u>Absolute (1972)</u>	<u>Growth rate %</u>
GDP (constant prices) a/	\$m	215 (1967) b/	232	1.5
Population	m	3.5 (1969)	3.7	1.5
GNP per capita a/	\$	60 (1969)	60	0
Exports	\$m	34 (1968)	-	-
Net capital inflow	\$m	21 (1968)	-	-
Debt service ratio	%	16 (1969)	-	-
Cotton production (seed)	'000 tons	102 (1967) c/	134-152	6-9
Cattle herd	m	4.5 (1967)	4.7	1.0

a/ At present exchange rate

b/ \$241 million at the 1967 exchange rate

c/ Production reached 148,600 tons in 1968/69, an exceptional year.

21. In a sense, knowledge that even modest aspirations may be unattainable fosters impatience and an impulsive approach to economic decisions, and the fear of losing small benefits engenders a reluctance to reconsider policies that may in fact be costing more than they are worth. The taxation of livestock is an example, as is the insistence on processing meat locally. Another case is the priority given to industrial development of several small centers. The Government's capacity to prepare projects and to objectively evaluate those that have been selected is very limited. It lacks the right staff, and good technical staff does not often sufficiently influence decisions. Political considerations have sometimes been the overriding consideration in determining, for example, the location of industrial projects.

22. The first priority in Chad is not so much to increase investment as to restore political stability and improve the balance of the public and external accounts. The Government is understandably giving highest priority to internal security, but in doing so it should keep sight of its objectives, and the basic causes of the problem. It is necessary to shift the economic balance between north and south, and it will not be possible to do so without, through economic concessions, reducing the need for military expenditures. The objective should be to reduce total consumption (military expenditures are the main variable) and to distribute the tax burden more equitably, which together with administrative reforms would contribute to political stability. This would simultaneously reduce the budget deficit, and improve the balance of payments.

23. A consistent program of budgetary and of fiscal reform would require detailed study. The President has established a joint French-Chadian fiscal and administrative commission to study tax reform, but as far as we know it has not yet made any recommendations. Action in this field is now urgent and the government has informed the IMF that an official request for technical assistance in the budgetary and taxation fields will be submitted.

24. The tax burden on the livestock sector could be reduced either by reinstating the previous regional differentials for the civic tax, or by lowering the head tax on livestock, and exempting under-age stock. Since the August 1969 devaluation, cotton exports may be able to bear a somewhat higher tax burden, and this should be carefully studied; this could be achieved by increasing the export tax or by increasing the contractual price paid by COTONFRAN. This would in effect, release part of the FED subsidy for other purposes. The cotton processing company, COTONFRAN, should also pass on part of the improved productivity that has been achieved in recent years.

25. The Government should also place greater emphasis on the economic development of the northern areas of the country. There are not many projects which can be carried out quickly, but as soon as the security situation improves, the Government should reactivate comprehensive veterinary services and the construction of stock-wells, and improve the stock routes.

26. Depending on the rate at which the military budgets are reduced, further measures would be more or less necessary to improve the budgetary situation. These should include improved collection of import duties, and possibly further increases in some of the rates for luxury imports. The renewal of transfer payments within the UDEAC area might be negotiated in return for continued preferences in the Chad market for the manufactured products of the remaining UDEAC countries.

27. As already indicated, the political cost of such a program is very high, but the cost of inaction may at this time be even greater. It will be necessary to strengthen the economic services of the Government, particularly in agriculture, finance and planning. Procedures for controlling public expenditures should be urgently improved and the growth in unpaid bills should be eliminated.

28. The Bank plans to discuss the draft economic report with the Government in January 1970, to ascertain what steps are being taken to face up to the problems described above. For reasons described below, progress in this respect will necessarily affect the scope of IDA operations in the country. The Government may not appreciate the extent to which fundamental economic problems are causing their existing difficulties, and there is a risk that, in the face of continuing crisis, palliative measures will be taken on an ad hoc basis.

B. Economic Sectors

Cotton

29. The main priority is to maintain the competitiveness of Chad's cotton while market prices are falling. Production, which was 102,000 tons in 1967/68 is expected to rise to 134,000 - 152,000 by 1972/73, compared with an official target of 184,000 tons for that year. So far the emphasis has been on improving the farmer's productivity through intensive use of fertilizers and pesticides and of extension services. The cost of production of cotton could be reduced by two other measures. The existing cotton ginning factories are very old and need replacing, or ginning costs will increase in the future. This investment, amounting to about US\$8 million, should be carried out as soon as possible after the convention between the Government and COTONFRAN 1/ has been renewed in 1970 (the present convention expires in October).

30. A second source of economies would be to reduce transport costs to the sea. The transport sector study (Volume IV of the Economic Report) concludes that the construction of a new road of about 200 kms. long, linking Moundou, the economic center of southern Chad, with the head of the Trans-Cameroon railway at Ngaoundere, would be the most economical export route for cotton. The project would cost about \$12 million. The Government has requested FED financing for the feasibility study of this road. Should this not materialize, it may be necessary for the Bank to take steps to ensure that the necessary studies for this project are carried out, as well in Cameroon as in Chad.

31. Otherwise, the main priorities in agriculture are to diversify production and substitute imports of some food products. The possibilities in the short run are very limited, but the existing proposals, for example, to develop the Lake Chad polders and expand irrigated rice production in the South, and gum arabic production in the North should be studied seriously.

Livestock

32. This is the key sector for the future, but it is one which raises the most profound problems. The cattle herd is estimated to be about 4.5 million, and to be growing at 1.0 - 1.5 percent per annum. Offtake at 10.4 percent is equivalent to more than 400,000 head per year, of which about 250,000 head are exported, mainly on the hoof to Nigeria and to CAR. The main priority should be to provide the basis for a higher natural rate of growth of the national herd by providing adequate water supplies and veterinary services. The second priority should be to improve the organization of marketing by improving stock-routes and by encouraging sale of higher quality animals through improved finishing of animals.

1/ Societe Cotonniere Franco-Tchadienne.

Transport

33. The objectives of a transport development program in Chad by order of priority, should be as follows:

- (i) to develop an efficient access route to the sea. The most trafficked route so far has been the longest one through the CAR and the Congo (B). The Cameroon route, especially after the Trans-Cameroon railway is completed in 1973, would be a much more economical sea access route;
- (ii) to re-establish and/or continue adequate road maintenance;
- (iii) to improve the secondary road network in the agricultural areas of the country;
- (iv) to make the road transport industry more efficient;
- (v) to investigate the possibility of developing domestic air transport.

34. IDA has already financed a road maintenance project, and improvement of the secondary road network in the cotton production areas is proceeding well with the help of FED. Concerning the road transport industry, the Government intends to eliminate a foreign-owned trucking company which is at present the only competitor to the truckers' cooperative, the major transport organization in Chad. This will almost completely eliminate competition in the transport sector and may in the longer run result in serious inefficiencies. The Government should therefore be urged to keep the present system, or, if a new arrangement is considered essential, to guarantee that some sort of competition in the trucking industry will be maintained.

35. Because of the high cost of all-weather road construction and the low volume of traffic, internal air transport in many cases appears to be an attractive alternative to road transport for both passengers and goods. This possibility has never been considered and deserves serious study.

Public Utilities

36. The Post, Telegraph and Telephone services are publicly owned and operated as a Department of the Ministry of Posts, Telecommunications and Public Works. At present automatic telephone exchanges are available in only four cities; five more towns are to be equipped under a CFAF 185 million suppliers' credit from Philipps. Inter-city communications and regional links are based on High Frequency Radio System which functions poorly.

37. Only four towns have water and electricity supplies. Water is pumped from boreholes into storage towers. Electricity is very expensive because it is generated with imported fuel.

Education

38. In 1967 only 179,000 children were enrolled in primary education, about 30 percent of the corresponding age group. It is planned to push this up to 36 percent by 1975, and it may reach 45 percent by 1980. At the same time, the percentage of qualified primary teachers would be increased from 11 percent in 1967 to 28 percent in 1975, and to 38 percent in 1980. In view of the high costs of the system and the budgetary constraints, these modest targets are reasonable. Limited expansion of the secondary system is required to provide some trained personnel for the economy.

C. External Aid

39. The two main sources of external aid are the FED and FAC. During the first three years of the plan period 1966-1968, these two donors contributed \$24 million of the total \$47 million for investment, or more than 50 percent. In addition, they contributed \$9.5 million for cotton price support and productivity programs. Annual data for foreign aid is rather unsatisfactory, but it appears that public transfers to Chad have been running at a rate of about \$16 million per year during the past few years as reflected in the estimated balance of payments statistics (Economic Report, Vol. I, Appendix Table XI).

40. Other sources of foreign aid have been small in comparison. IDA made its first commitments of \$5.9 million in FY 69, and the proposed lending program involves commitments of \$40.4 million over the FY 69 - 73 period. During this period, IDA disbursements may average about \$3.0 million a year, 1/ or about 20 percent of total foreign aid. The detailed composition of external aid to Chad is presented in the Economic Report (Table 13, p. 47 of Vol. I).

41. Although Government has paid for some development expenditures from its budget, it has been in overall deficit and has not made any net contribution to the financing of investment. Even if the budgetary situation improved markedly, it would be difficult to achieve significant public savings.

42. Project lending has proved to be difficult in Chad not only for ourselves, but also for other agencies, and few projects have been carried out which would have been more attractive than the ones which IDA has financed or is currently considering. FED has stressed cotton and transportation (including feeder roads) and has financed a program of stock-well construction in the North. FAC has made its main contribution through technical assistance, agriculture, (including cotton productivity programs), electric power, health and education.

1/ Disbursements may peak in FY 72 at about \$5 million.

43. The shortage of soft funds and the reluctance of agencies such as the Bank, and the Caisse Centrale de Coopération Economique to lend to Chad on conventional terms has led the Government to undertake several projects of doubtful merit with suppliers' credits. The debt burden is consequently quite high at nearly 16 percent of export receipts. Service on existing debt peaked at \$5 million in 1969, and debt services will amount to about \$3 million a year until 1975. The Government should exercise great restraint in undertaking any further borrowing on hard terms.

44. Apart from increasing disbursements from IDA credits, investment aid to Chad will probably decline in the next few years. FAC is under some pressure to restrict its operations and a large proportion of FED and FAC aid will continue to be used for technical assistance and for budgetary assistance (including cotton price support).

45. French military aid is not included in the above statistics. It is very largely spent for goods directly supplied from France, and has therefore not had much effect on the balance of payments.

D. Bank/IDA Plan

46. Limited development opportunities, and serious political uncertainties in Chad do not justify the investment of large staff resources at a time when this scarcity limits our activities in more promising areas of the world. The question is whether the limited program we are preparing constitutes the most effective use of these resources. There are two general areas where the Bank Group should concentrate its attention: first agriculture and livestock, which is the mainstay of the vast majority of the population and which offers better possibilities of development than any other known alternative, and second transport and communications, which because of the geographic position of the country is an important factor in the cost structure of the country. Improving the telecommunications system would greatly improve the effectiveness of the local administrations, which are often cut off from Fort Lamy and would facilitate agricultural marketing, particularly for livestock. These considerations are the basis for the selection of most of the projects appearing in Attachment 1. Education appears as a memorandum account. We are not sure of what our approach to future education projects in Chad should be. However, we are already financing education and it may be that in the light of our supervision work some other projects can be developed.

47. The full proposed lending program includes projects in agriculture, transport, education and public utilities. Most of the operations included in the program require a reasonable degree of security, and some budgetary contribution to investment and recurrent costs. Even assuming that we continue to finance local costs up to about 100 percent of the investment cost excluding taxes as we have done in the past, several projects depend on an improvement in the present situation. If free movement throughout the country by contractors and Government officials again becomes pos-

sible, and if the budgetary situation begins to improve, we would recommend the adoption of this lending program, which is appropriate to Chad's requirements, and, as described below, would assist in the solution of several key problems. We would then be able to continue our existing policy of introducing specific sector reforms parallel with lending operations 1/ and provide an incentive for budgetary reforms.

48. Until the situation improves, we proposed to continue the preparation of projects, two of which having been already appraised (Livestock I and Education II), thereby retaining an effective presence in the country, and the necessary flexibility to respond quickly to an improvement in the situation. Even if the situation does not improve significantly we could, and should appraise and finance the telecommunications project. This approach would require continued use of PMWA and FAC staff for project preparation, and headquarters staff for one appraisal.

49. The first livestock project (FY 70) was appraised in October 1968. The project consists essentially of the construction and repair of a number of stock-wells. Contractors are not at present operating in the area concerned, and we propose to delay financing the project until we are sure the work can be carried out. The Government has agreed to call bids for construction before we go to the Board. Bidding documents are being prepared by consultants under contract with the Bank. We have also proposed the creation of a Livestock Development Unit for which UNDP is considering financing. This Unit would be responsible for the preparation of an investment program in livestock, and of a second livestock project included in the lending program (FY 73). Pending the creation of this Unit, FAO is assigning a livestock expert to the Department of Livestock and an American consulting firm is doing a study of the livestock sector.

50. A second education project has been appraised and is included in FY 70, but the Government has not accepted the Appraisal Mission's recommendation to move the school to Fort Lamy from Fort Archambault, and we anticipate some delays. Two other education projects are included in the lending program in FY 72 and FY 74. So far only preliminary identification work has been done on the first of these two projects.

51. A Bank reconnaissance mission is planned early next year for the telecommunications project (FY 71). Compared with the other operations, the project will not require too much staff time, is less dependent on improved security and no major problems of a policy nature are anticipated. The local contribution could be provided by the future telecommunications office itself, which the Government has already agreed to create. The preparation of this project should therefore be given priority, as it appears to be the project that we would have least difficulty in financing under existing conditions.

1/ e.g. Increased fuel tax for road maintenance fund; increased recurrent expenditures for repair of stock-wells, etc.

52. The lending program in transport includes the Djermaya-Lake Chad Road (Roads I) for which a feasibility study and detailed engineering were financed with the highway maintenance project. Unless present doubts as to the economic justification of this road should be confirmed, we expect to finance the project in FY 71. Roads II (FY 73) has been increased from \$5 million to \$10 million to accommodate the high priority Moundon-Ngaoundere road, should this project not be financed by FED. Although two-thirds of this road is located in Cameroon, the benefits will accrue very largely to Chad and it is consequently not included in the Cameroon lending program for the time being. It remains to be seen how this amount should be actually distributed between Chad and Cameroon. If the Government accepts the recommendations of the Transport Sector Report, we also propose to initiate the necessary pre-investment studies for internal air transport, and US\$ 3.0 million is included in FY 74 to provide for an eventual project.

53. Agricultural diversification has priority but will be on a limited scale. We understand that UNDP and FAC are prepared to finance feasibility studies for the Sattegui-Deressia and Lake Chad Polders irrigation projects. We expect these studies to start early in 1970 and the projects should be ready for financing, probably as a single operation, in FY 72. FAC also intends to prepare the Rural Development project included in FY 73. After careful study, there does not appear to be much scope for a large investment in fisheries and the proposed operation in FY 74 has been dropped.

54. As mentioned in paragraph 29, investment in cotton ginneries has high priority. This industrial project is not included in the lending program because we have not yet been approached, and other sources of financing may be available, but could be included if we wished to increase our lending in agriculture.

Western Africa Department
December 11, 1969

Attachments: 1. Past Lending Operations and Proposed Lending Program
2. 5-Year Economic Development Program.

CHAD CPP POSTSCRIPT

55. The Chad Country Program Paper was discussed with Mr. McNamara on December 18 at 10 a.m. Were also present at this meeting:

Messrs. J. Burke Knapp
S. Aldewereld
Irving S. Friedman
John G. N. Blaxall
Christopher R. Willoughby

and Roger Chaufournier
Christopher Wilkinson
and Adhemar Byl of the
Western Africa Department.

56. Mr. McNamara approved the evaluation of the Chadian economic situation made by the staff and it was unanemously agreed to proceed with our program in the manner indicated in the paper. However careful scrutiny of the suggested investment in telecommunications was urged. Mr. McNamara also asked for a follow-up note on Chad after the discussions which the Western Africa Department intends to have with the Chadian authorities in January.

Population: 3.5 m
Per Cap Inc: \$60

CHAD - PAST LENDING OPERATIONS AND PROPOSED LENDING PROGRAM

(\$ millions)

		Fiscal Years											Total 1964-68	Total 1969-73	Total 1971-75		
		Through 1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973				1974	1975
Livestock I	IDA							1.0									
Livestock II	IDA											4.0					
Irrigation	IDA									6.0							
Rural Development	IDA											2.0					
Agriculture Unidentified	IDA												5.0				
Communications	IDA								3.5								
Education I	IDA						1.8										
Education II	IDA							1.0									
Education III	IDA									4.0							
Education IV	IDA											2.0					
Road Maintenance	IDA						4.1										
Roads I	IDA								3.0								
Roads II	IDA										10.0						
Air Strips	IDA											3.0					
	IDA	-	-	-	-	-	-	<u>5.9</u>	<u>2.0</u>	<u>6.5</u>	<u>10.0</u>	<u>16.0</u>	<u>5.0</u>	<u>5.0</u>	-	<u>40.4</u>	<u>42.5</u>
	No.	-	-	-	-	-	-	2	2	2	2	3	2	1	-	11	10
IDA Credits Outstanding																	
- including undisbursed		-	-	-	-	-	-	5.9	7.9	14.4	24.4	40.4	45.4	50.4			
- excluding undisbursed		-	-	-	-	-	-	0.1	3.0	6.5	11.5	14.5	19.5	27.5			

CHAD

Development Finance Institutions in Chad

1. Chad has one small, multi-purpose and government-controlled development finance institution, the Banque de Développement du Tchad (BDT). Its share capital is US\$1.5 million equivalent, of which 58% is owned by the Government, and 33% by the Caisse Centrale de Coopération Economique. The bulk of its activities consists of financing cotton crop on a short-term basis. Medium- and long-term credits are provided in modest amounts to finance industry, commerce, housing, etc. Loans outstanding as of December 31, 1969 amounted to CFAF 4.9 billion (\$17.7 million), of which 60% on short term. BDT receives technical assistance from the Caisse Centrale, from which it also receives loans at a relatively low interest rate (4% on average). The Managing Director of BDT is Mr. Boukar, who is expected to join the Bank as Alternate Director.

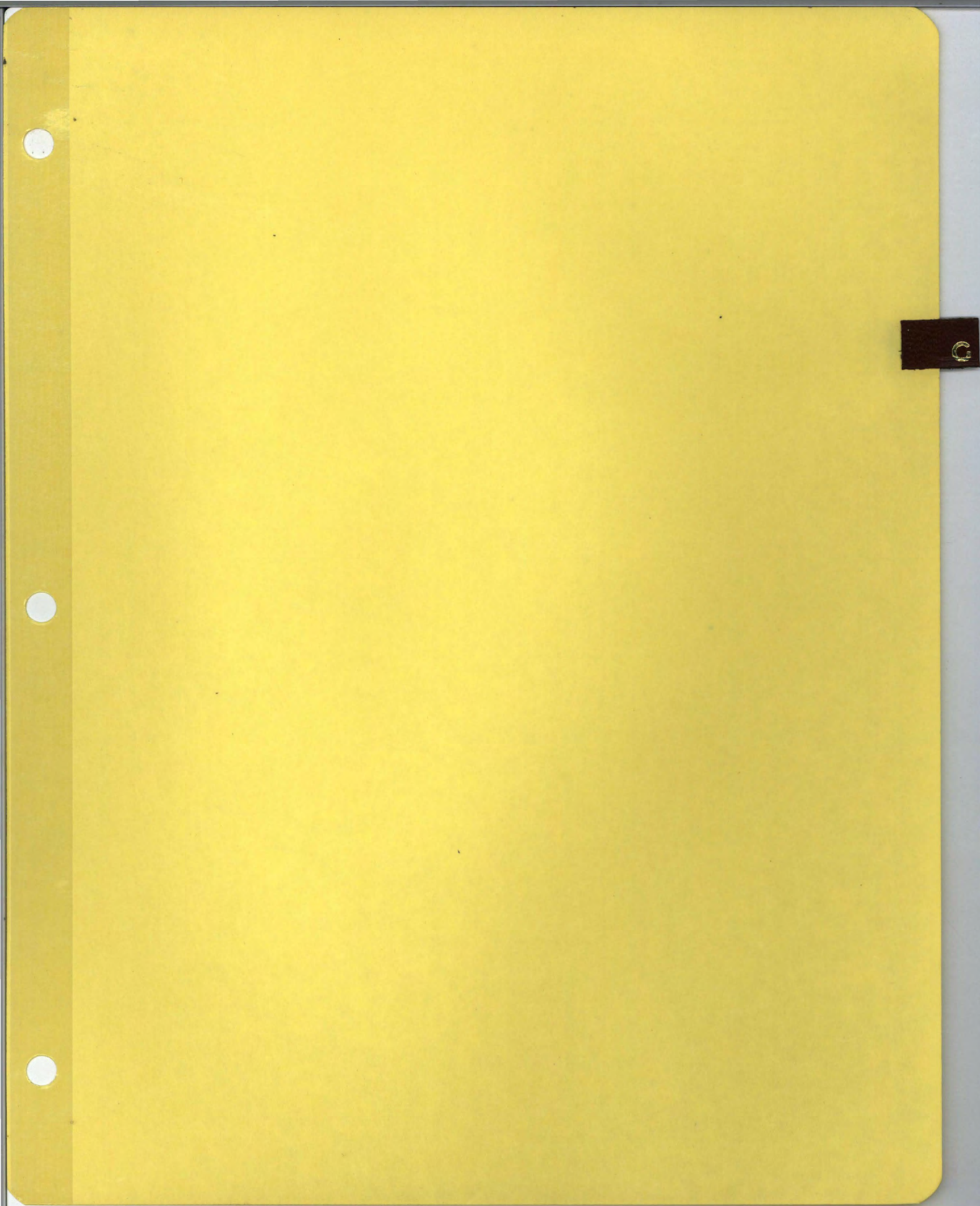
Bank Involvement in Development Finance

2. A Bank agricultural mission visited BDT in March-April 1969 in connection with discussions with the Government about an agricultural credit project (credit to farmers on a small basis), for which the Government had requested IDA financing. This project is still under consideration by IDA in liaison with the Caisse Centrale and Fonds d'Aide et de Coopération (FAC), and there has been no Bank/IDA operation so far in which BDT has been involved.

Plans for Action

3. The Bank/IDA lending program does not include any dfc project, and there is little prospect that a general line of credit to BDT could be justified in the next few years. Collaboration between the Bank/IDA and BDT may become possible on specific projects, like the one mentioned above.

Development Finance Companies
January 8, 1971
(Brief for Mr. McNamara)



9. MATTERS FOR DISCUSSION

A. COTTON DEVELOPMENT

Cotton is almost the only cash crop and the most important export of Chad (68 percent in 1969). It also provides a major source of government revenue (10 percent) through the cotton export tax. It is grown on small farms by peasant cultivators inhabiting the relatively densely populated southwest of Chad. Processing and marketing are in the hands of one company, COTONFRAN. The price of cotton to the producer (CFAF 26 per kilo of seed cotton) is guaranteed and supported by the Cotton Price Stabilization Fund (CPSF). The return to COTONFRAN is governed by complex financial arrangements between the Stabilization Fund, the Government, COTONFRAN, and the European Development Fund (FED).

Since 1966 cotton is grown on approximately 300,000 ha. The 1969/70 production was 116,600 tons of seed cotton. Production has averaged about 122,000 tons of seed cotton over the last four seasons and 88,000 tons over the previous six seasons (1960/61-1965/66). Average yields, which were 300 kilograms per hectare in the latter period, increased to 400 kilograms per hectare in the last four years (900 in 1968/69). ONDR 1/ supported by CFDT 2/ and BDPA 3/ has launched a

1/ Office Nationale de Développement Rural.

2/ Compagnie Française pour le Développement des Fibres Textiles.

3/ Bureau pour le Développement de la Production Agricole. This operation includes other crops than cotton.

(5m)

400kg/ha

productivity program which consists of the provision of fertilizers and pesticides to willing peasants and of extension services. The total area included in this program has increased to about 36,000 ha or about 10 percent of the area under cotton and yields on these fields averages 800 kg/ha with some fields exceeding 1,000 kg per ha. It is anticipated that the area under the productivity program will increase to 84,000 hectares in 1972/73.

low + wheat
low
flour

At present, part of the cotton is grown on marginal land. A sound cotton policy would be to concentrate cultivation on some 250,000 hectares in the south and to improve yields by continuing the productivity program. Foreign aid and technical assistance to the extension services are necessary in order to reach the level of yields at which the farmers could bear the full cost of the productivity program.

The EEC, through the intermediary of the FED, and the French government, through the intermediary of FAC, provide substantial amounts of aid for cotton. The funds of the FED Production Aid Program, although originally planned partly for price support and partly for support of structural improvements, have been used solely on price support. In fact, the only funds allocated for structural improvement were actually under the project aid program. Total aid commitments from the 2nd FED for cotton in Chad (including CFAF 822 million for technical assistance and CFAF 522 million for feeder roads) amounted to CFAF 4.2 billion (including CFAF 1.2 billion for price support). Of the total of CFAF 763 million committed for structural improvement CFAF 397 million were disbursed as of the same date. As of March 31, 1969, FAC had disbursed CFAF 500 million in aid to the cotton industry since 1964.

In the past the European Economic Community provided a price subsidy of about CFAF 4.5 per kilogram of seed cotton. Estimates of cotton price subsidies required to support a producer price of CFAF 26 per kilogram were CFAF 700 million for 1969/70.

The Second Yaoundé Convention, signed on July 29, 1969 and not yet effective, does not provide for such support. It does provide for emergency support to help associated countries which have suffered severe setbacks: natural disasters or sharp declines in the world market prices for their principal export products. The maximum amount available under this provision is limited to US\$80 million for all associate countries for the duration of the Convention, or an average of CFAF 4.5 billion (US\$16.2 million) annually. It is not yet clear to what extent Chad will benefit from this provision. One way of reducing the need for price subsidies would be to pay a lower price for inferior yellow cotton than for white cotton. The processing company could also pay an increased part of the producer price and the export tax per kilo of staple cotton could be reduced from a lump sum of CFAF 17 per kilo to a rate of 10 percent of the FOB price (about CFAF 14 per kilo at the current price level). The Government's tax revenue from cotton would increase slightly (by about CFAF 200 million) if the present system of taxation is maintained. If the tax were reduced to 10 percent of the FOB price, then the revenue to the government would be reduced initially by some CFAF 200 million.

The production of cotton is expected to rise to some 150,000 tons in 1972/73. The record level of production in 1968/69 (148,800 tons of seed cotton) was exceptional. In the 1969/70 season, production fell back

to 116,600 tons. Total value of exports is not expected to rise very much in view of declining world prices. Exports were worth CFAF 6.5 billion in 1969/70 and may reach CFAF 7.0 billion in 1972/73. The Government's tax revenue from cotton was only CFAF 19 million smaller than total cotton support over the nine seasons between 1960 and 1969, and CFAF 240.6 million larger over the 1964-1969 seasons. As cotton support is supplied as foreign aid, it is, in fact, an indirect form of budgetary support.

In May 1970, a FED mission visited Chad to examine projects to be financed under the Third Development Fund. This mission later informed the Government that FED had decided to concentrate its productivity program in three regions: Logone Oriental, Logone Occidental and Tandjile. This decision led the Government to ask the Bank Group to finance jointly with FAC or ADB a similar program in other regions, starting during the 1972/73 cotton season. The FED subsequently changed its position and proposed to the Bank the joint financing of a larger project which would cover the entire cotton producing area in Chad. During the December review meeting in Brussels between FED and the Bank Group, FED presented the outline of a cotton development project for joint financing with the Bank Group.

The project would consist of:

- (a) acquisition and distribution of fertilizers, seeds, insecticides;
- (b) acquisition and distribution of equipment, ~~by the farmers;~~
- (c) technical assistance to operate the scheme.


FED is insisting on including in the project provisions for livestock, and for production of other agricultural commodities. The introduction of a livestock component is to provide draft animals and meat supply. The

total cost of the project is almost \$40 million (including \$10 million for technical assistance) to be disbursed over five years. The foreign exchange component would be around \$25 million, of which \$8 million would be financed by FED, leaving some \$17 million for Bank Group financing.

The preliminary estimates are based on a report by FED on a cotton development project in the regions of the two Logones and Tandjile, with rough estimates for the regions of Mayo-Kebi and Moyen Chari. In view of the fact that cotton production is the only means of providing a livelihood for the majority of Chad's population, we should like to cooperate with FED in promoting further development of cotton in Chad. After the termination of FED price supports financial support will be required to help reduce the cost of production. However, much additional preparatory work will be required before we can recommend a commitment by IDA. The project outline prepared by FED is at present being reviewed by the Agriculture Projects Department. The project as a whole, and certainly the proposed IDA share, appears too large, and we feel that it will have to be redesigned before we can associate ourselves with it.

Implementation of the project also depends on the future role to be played by COTONFRAN. The Convention between COTONFRAN and the Chad Government expired in October 1970. This gave an opportunity to the Government to review its relationship with COTONFRAN. Both parties agreed to extend this Convention for one year, during which time the conditions for creation of a semi-public company will be discussed. Chad is not at present a member of IFC, but the Government has approached IFC to become a partner in the new company. IFC participated in a meeting in Paris on December 16 and 17 between COTONFRAN and the Government. The IFC mission will return on December 22 and its report will be attached to this briefing paper.

TO: Mr. Albert Adomakoh (through Mr. Cherif Hassan) DATE: January 6, 1971

FROM: Roger Blondel 

SUBJECT: CHAD - Meetings in Paris in December, 1970 to discuss the proposed reorganization of COTONFRAN and the expansion of that Company's ginning facilities.

On December 15, 1970, I was in Paris with Mr. Cherif Hassan to participate in two meetings organized by the Chad Government to discuss the COTONFRAN project. The meetings were both held at the Chad Embassy under the chairmanship of Mr. Lamana, Chad's Minister of Economy, Finance and Transportation, one on December 15 and the other on December 17. A list of the participants is given in Annex 1.

The meeting on December 15 was opened with a prepared statement from Minister Lamana, stressing the importance of cotton to the Chad economy, the need to develop its production and the desirability of modernizing and expanding the country's ginning mills which are at present owned by COTONFRAN. A description of COTONFRAN's activities and the broad lines of the reorganization and expansion project were described in my memorandum to you dated October 1, 1970.

Mr. Lamana confirmed that the Government of Chad intends to set up a new company, COTONCHAD, to take over COTONFRAN's operating assets in Chad, and he made clear the Government's intention to have a substantial (but not necessarily a majority) participation in the share capital of the proposed company. Referring to the project report which COTONFRAN had sent to IFC earlier in 1970, he stated that this document represented the views of the French company rather than those of Chad and proceeded to inform the meeting that his Government had completed its own project report to serve as the basis for our discussions. A copy of this report was distributed. Thereupon, Mr. Ladhuie, a former French technical advisor to the Chad Government and now a Director of the government controlled Stabilization Fund for Cotton Prices, embarked upon detailed technical explanations on the Government report of which, as it turned out, he was himself the author. The tone, as well as the contents, of Mr. Ladhuie's speech was consistently critical of COTONFRAN, of its management under the former President and General Manager, Mr. Avon and of the project report prepared by COTONFRAN for IFC. Mr. Roques, the new President and General Manager of COTONFRAN, later informed Mr. Hassan and myself that COTONFRAN was unaware that the government had prepared a second project report and that it intended to discuss it, rather than the COTONFRAN report, at the meeting.

Following Mr. Ladhuie's explanations, Minister Lamana outlined the importance of taking prompt action by the parties interested in the project in order to establish the new company in a matter of four months. Expediency was necessary, he said, because of the need for making arrangements for the financing of the forthcoming cotton crop. Mr. Hassan said that since IFC would need time to study the project in depth, we would find it extremely difficult to adhere to such a tight schedule. Moreover, IFC would need to

discuss with the government, IBRD, FED and other parties concerned, the agriculture policy of Chad and to ascertain whether such increase in the cotton crop, aimed at in the government plan, would in fact be advisable and feasible.

In response to a question by Minister Lamana about the proposed ownership of COTONCHAD (the Ladhuie report envisages a share capital of CFAF 750 million, of which 40% would be owned by the Chad Government; 26% by two French Government institutions, i.e. Caisse Centrale and the Compagnie Française pour le Développement des Fibres Textiles (CFDT); 27% by COTONFRAN and 7% by IFC), the participants in the meeting representing COTONCHAD's potential French shareholders expressed a concurrence with IFC's position previously stated, that time was needed to study the new report. Only after a careful reading of it would they be able to give the government a preliminary reaction. Mr. Roques stressed in addition that COTONFRAN's participation in the share capital should take into account the need for an adequate compensation for its assets.

At the end of the meeting, Mr. Hassan and I had a few moments in private with Mr. Lamana. We impressed upon him that, given the size and importance of the project, substantial work would be needed to carry it through and the government would likely have to consider renewing for one more year COTONFRAN's Establishment Convention. This convention, which gives COTONFRAN a monopoly to ginn cotton in Chad, was due to expire on November 30, 1970 and was already renewed by the government for one year. We also reminded Mr. Lamana of IFC's investment criteria and indicated that for us to be able to invest, the new company should be under private sector control. The following distribution of share capital was discussed:

	<u>% ownership</u>	
<u>Public Sector</u>		
Government of Chad	35	
CFDT	7	
Caisse Centrale	<u>7</u>	49
<u>Private Sector</u>		
COTONFRAN.	20	
SIFIDA	11	
Chadean and / or foreign private shareholders	<u>5</u>	36
<u>IFC</u>		<u>15</u>
<u>Total</u>		100

Mr. Lamana and other members of the Chadean delegation appeared interested in the possibility of having SIFIDA among the shareholders and said they wanted to invite it in at the earliest opportunity. Mr. Hassan promised to mention COTONCHAD to Mr. Mathari, SIFIDA's Chairman, whom he was to meet in Tunisia two days later.

I attended the second meeting with the Chad Government on December 17, which was devoted to the discussion of the government report. This report differs from the COTONFRAN paper on a number of points including the calculation of COTONFRAN's ginning capacity and operating costs, the value of its assets to be acquired by COTONCHAD, the type of equipment needed for the project and, generally, the size of the proposed expansion program. While the COTONFRAN project calls for an increase in ginning capacity of 75,000 m.t. of seed cotton over the next six years, the government project calls for a 55,000 m.t. increase only; and while the estimated cost of the project in the COTONFRAN report is \$ 12.8 million equivalent, it is about \$ 9.2 million in the report prepared by the Government. In addition to holding different views on the scope of the project, COTONFRAN and the Chadean Government are in substantial disagreement about the value of COTONFRAN's assets to be acquired by COTONCHAD and various payments totaling CFAF 150 million (\$ 0.6 million) which the government says COTONFRAN has withheld as a result of a faulty interpretation of a clause in the Establishment Convention concerning the sharing of revenues between the French company and the government.

The concensus among the participants at the meeting was that difficulties between COTONFRAN and the government should be solved before the creation of COTONCHAD could be envisaged. Regarding the new project report, it was felt that several areas should be further investigated, particularly (a) FED plans for developing cotton production in Chad (see in Annex 2 a memorandum from Mr. Thalwitz to Mr. Rowe of December 11, 1970, following his return from meetings with FED the week before); (b) arrangements to insure adequate purchase prices for seed cotton in the likely absence of continued price support financing from FED and (c) investments needed to improve road networks in Chad and to provide adequate transportation facilities for Chad's cotton. It was also recognized that further information should be provided on the government's proposals regarding the technical management of COTONCHAD.

In response to a question by Mr. Lamana concerning IFC's reaction to the government report, I indicated that we were aware of the importance of this project for Chad and that we would wish to study the report with care to determine how we could help. While it was too early yet to say whether an IFC investment in the project would be possible (I stressed in particular our requirement of private majority ownership, and the need for adequate arrangements regarding management) I expressed the hope that agreements would be reached soon between COTONFRAN and the government to enable the project to move forward.

During a meeting with members of the Chad delegation on December 18, Mr. Lamana informed me that his government was conscious of the importance of adequate management for COTONCHAD and preferred that management

responsibility for the new company be assumed by other than COTONFRAN. He stressed that too many frictions had taken place in the past between the French company and his government to make continued association between them politically desirable, and he declared himself in favor of asking CFDT to become the technical managers of COTONCHAD. COTONFRAN would limit itself to the role of marketing agent for the new company. He asked me whether IFC would have any objections to such an arrangement. My reaction was that we would not, provided we were satisfied that CFDT could do a good job. Of course, contracts satisfactory to us would have to be drawn up between COTONCHAD and CFDT for management and between COTONCHAD and COTONFRAN for marketing.

Mr. Lamana said that members of his government would be visiting Washington around the middle of January and would call upon IFC management for further discussions. He indicated that a mission by IFC to Chad would be welcome any time, but preferably toward the end of January when CFDT and FED missions would be in the country to review Chad's cotton production programs. Thereafter, he suggested that a new meeting of COTONCHAD's prospective shareholders take place in Paris to decide the ownership of the new company.

During a meeting at CFDT headquarters later during the day, Mr. de Carbon Ferrières, the General Manager, informed me that CFDT felt that it had a "moral obligation" to help Chad and that, if the French Government requested it to do so, CFDT would agree to invest in COTONCHAD and take on responsibility for management. He also told me that his company was the technical manager (and a shareholder) of Union Cotonnière Centre Africaine (UCCA), a mixed government and private-owned ginning company in the Central African Republic, responsible for the purchase, ginning and export of that country's cotton production.

Mr. de Carbon Ferrières seemed not to doubt that the French Government would encourage CFDT's involvement in the Chad project. He said he would be talking to the French Minister for Cooperation in the next few days and then to the Chad Government and to COTONFRAN in an attempt to settle their differences and to enable the project to move forward. He expressed cautious optimism about being able to do so and said that he would write us around the middle of January.

RBlondel/acg

cc: Mr. Hassan
Mr. Thalwitz
Circ.

LIST OF PARTICIPANTS

CHAD GOVERNMENT

Mr. LAMANA	Minister of Economy, Finance and Transportation
Mr. DIGUIMBAYE	Minister of Planning and Cooperation
Mr. MEAR Adolphe	Director, Ministry of the Economy
Mr. DJONOUA Abdoul	Director, Fonds de Développement d'Action Rurale
Mr. DJONOUA Adoum	Director, Office National de Développement Rurale
Mr. PALLAI	Director, Banque Tchadienne de Crédit et de Dépôt
Mr. N'GAMBET Michel	Deputy Secretary General of the Chamber of Commerce
Mr. LADHUIE	Director, Stabilisation Fund for Cotton Prices
Mr. LEGENDRE	Chad's Controller

COTONFRAN

Mr. ROQUES	President and General Manager
Mr. MAES	Vice President
Mr. MAUVAIS	Deputy General Manager

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

Mr. SCHMANDT	Director
Mr. CHETAÏLLE	Investment Officer

CFDI

Mr. de CARBON-FERRIERES	General Manager
Mr. TOURANCHEAU	Deputy General Manager

OTHERS

Mr. WITRINGER representing FED

Mr. CREUPLANDT representing FAO

IFC was represented at the meetings by Messrs. Cherif Hassan and Roger Blondel.

Mr. Regor Rowe

December 11, 1970

Wilfried P. Thalwitz

CHAD - Cotton Development Project

1. During the general review meetings in Brussels between FED and the Bank, I discussed the possibility of cooperation in development of cotton production in Chad. As I reported in my memorandum to files of November 6, FED is interested in arranging for joint financing with the Bank for a cotton development project. FED officials are concerned that producer prices in cotton production in Chad have remained stable for the last decade, leading to a reduction in real income of producers by about 50 percent. At the same time, the world market prices for cotton have declined. In the past, FED had made up for the gap between producer prices and world market prices by price subsidies. Since FED cannot continue providing these subsidies, other ways must be found to support cotton production in Chad. FED's approach is to devise a project which would help reduce the cost of production in order to increase the real income of farmers. The project should also permit a sizable increase in the volume of production; it is, however, not certain whether it will be possible to meet the Chad Government's target of an increase in total output of 60,000 tons within five years.

2. FED has already prepared the outline of a project to be financed jointly by FED and the Bank. It follows generally the outline presented by Mr. Mirsing as reported in my memorandum of November 6. However, FED now insists on including in the project provisions for livestock, and for production of other agricultural commodities. The introduction of a livestock component is to provide draft animals and meat supply. The total cost of the project is almost \$40 million (including about \$10 million for technical assistance) to be spent over five years. The foreign exchange cost would be \$25 million. FED's contribution to the foreign exchange cost would be approximately \$3 million, and they expect the Bank Group to finance the rest of the foreign exchange cost. I warned FED officials that the magnitude of the project and especially of the contribution expected from us is very much larger than we had envisaged, and that the project may have to be re-designed considerably if we were to take over financing of the foreign exchange cost of all items except the supply of fertilizers, insecticides and seeds.

3. The above cost estimates are roughly based on a report prepared by FED on a cotton development project in the regions of the two Logones and Tandjile. The project as conceived now would also include the regions of Mayo-Kebbi and Noyen Chari. The total costs are therefore an extrapolation of more detailed figures available for the smaller Logone and Tandjile project.

4. FED is aware that the preparation of a cotton development project must be based on a revamping of the entire cotton policy in Chad, including the revision of the role to be played by COTONFRAN. FED has not worked out in detail recommendations as to the reorganization of cotton production in

Chad, and would like to keep in contact with us on recommendations for future cotton policy. For the preparation of the cotton project, they will send to Chad in December an agricultural expert who would proceed with the further preparation of the project. They will make available to us by January the preliminary findings of this mission, and if we agree on the outline of the project, we could invite a FED expert to accompany the proposed project preparation mission to be mounted by PMA in March 1971.

5. FED had no knowledge of the forthcoming meeting on the reorganization of COTONFRAN between the Government, COTONFRAN and IFC. They feel that COTONFRAN's role should be considerably reduced; in fact, they envisage that COTONFRAN would be confined to marketing alone. A separate Government entity, which would also implement the proposed cotton development project, would be responsible for production assistance, storage, transport, and perhaps even ginning. This division of responsibilities between COTONFRAN and other agencies would also be investigated by the forthcoming FED mission. They asked to be informed about the outcome of the meeting between the Government, COTONFRAN and IFC.

6. I have handed over to Mr. Haasjes the following documents:

- (i) project preparation report for a cotton development project in the two Logone and the Tandjile regions;
- (ii) summary cost estimates for the larger cotton development project including the two Logone, Tandjile, Mayo Kebbi and Moyen Chari regions;
- (iii) report on FED support for cotton production in Chad to date.

7. I would appreciate receiving your comments on the new FED proposals which would probably have to be considerably revised if we associate ourselves with this project.

WThalwitz:mb

cc: Messrs. Chauffournier
Blondel
de La Renaudière
Fall
Haasjes

B. THE TRANSPORT SECTOR

The transport system of Chad is limited to about 11,000 km of road (of which only about 230 km are paved), an embryonic air transport industry, and some navigation on Lake Chad and, for a couple of months a year, on the rivers Chari and Logone. Landlocked Chad has three traditional access routes to the sea: through Nigeria, through Cameroon and through the CAR and the Congo (B). High transport costs for both domestic and international transport constitute a serious handicap to the country's economic development. Improvement and maintenance of an adequate transport system is seriously hampered by climatic conditions, including flooding, and this results in high transport infrastructure cost. Road improvements have been financed for the most part by FED; FAC has provided some assistance in engineering, and more recently IDA has financed a road maintenance project. The public sector investment program in transportation has not been clearly defined and investments are more politically than economically motivated. Transportation in the northern part of the country is at the present time seriously disrupted by civil disorders.

The main priorities in the transport sector are:

- (a) To develop at least one effective access route to the sea to meet the requirements of the various regions concerned: Fort-Lamy/Moundou and Fort-Archambault. The priority here should lie with the Moundou-N'Gaoundéré link.
- (b) To allocate adequate funds for road maintenance.

- (c) To improve the secondary road network in the agricultural areas.
- (d) To investigate the possibility of coordinating internal air transport and road transport for the remote areas in North and East Chad.

Different studies have been carried out on the various access routes to the sea by a number of authorities and agencies other than the Bank Group. Conclusions were that (i) a new road linking Moundou to N'Gaoundéré in Cameroon would be a more economical sea access route for the Moundou region, especially after the Transcameroon railway is completed in 1974; (ii) a bridge over the Chari river at Fort-Lamy would benefit the economy of the Lake Chad Basin; (iii) some sections of the Fort-Lamy/Bangui highway should be improved.

The realisation of the Moundou-N'Gaoundéré link would imply the construction of about 200 miles of new road linking Moundou, the economic center of Southern Chad, to the head station of the Transcameroon railway at N'Gaoundéré. While recognizing the importance of this project, the Government tends at the same time to give relatively too much weight to keeping open all the access routes to the sea rather than to developing one such efficient route. Since the economic benefits from this road would accrue almost exclusively to Chad, there would have to be a negotiated arrangement with Cameroon through which the latter can participate in the investment benefits. Such an arrangement could be the institution of transit taxation on Chad traffic by Cameroon. The realization of the Moundou-N'Gaoundéré link might be a project of which FED would finance the Chadian portion, which is one-third of the total.

A study of the feasibility of a bridge across the Chari River has been financed by USAID in the framework of the Lake Chad Basin Commission activities. The justification of the proposed bridge is based on linking the Chad transport system to the Nigerian Railway, the Cameroonian road and rail systems, and the Benoué River route. The Bank Group has not yet analysed this project in sufficient detail to establish a firm policy with respect to its investment potential.

Improvement of the secondary road network in the cotton production areas is proceeding well with the help of FED. An improvement in the general condition of the overall network may be expected with the introduction of new maintenance equipment financed by Credit no. 125-CD.

IDA is already involved in transport development in Chad through the above-mentioned credit. For the future, the Lending Program includes an IDA road credit of ~~05~~^{\$2} million for FY 1973. It was originally hoped to program a credit in 1971 for the reconstruction of the Djermaya-Djimtilo road which was studied by French consultants under the existing IDA road credit, but the final report has clearly indicated that the project is currently premature and should not be considered before 1975.

TABLE VIII

Import and Export Traffic Statistics, 1964-1969

(in tons)

	1964	1965	1966	1967	1968	1969
1. <u>General Merchandise-Imports</u>	87,783	76,696	78,095	94,243	101,501	90,312
Via Bangui	51,657	46,274	48,932	71,135	n.a.	n.a.
Via Cameroon-Benue	10,000	7,947	7,500	-	-	-
Via Cameroon-Douala	3,500	3,500	6,00	8,000	n.a.	n.a.
Via Nigeria-Maiduguri	22,626	18,975	15,663	15,108	25,225	28,124
2. <u>Fuel Imports</u>	36,035	38,713	33,815	42,107	46,104	59,041
Via Bangui	7,114	7,000	8,000	16,569	n.a.	n.a.
Via Cameroon-Benue	1,800	1,800	1,800	-	-	-
Via Nigeria	27,121	29,913	23,215	24,738	30,675	41,653
Via Sudan	n.a.	n.a.	800	800	n.a.	n.a.
3. <u>Total Imports</u>	123,818	115,409	111,910	136,350	147,605	149,353
4. <u>Cotton Exports</u>	37,411	35,739	35,301	40,883	42,151	47,505
Via Bangui	24,050	24,495	19,650	21,021	29,693	n.a.
Via Douala - Road	1,550	1,067	2,500	18,177	12,558	n.a.
Via Douala - Air	-	-	-	-	-	-
Via Garoua - Benue	9,260	8,720	10,931	-	-	-
Via Maiduguri	2,551	1,457	2,220	685	n.a.	1,596
5. <u>Other Exports</u>	11,287	12,000	11,265	45,372*	26,978	26,170
Via Bangui	7,287	8,000	8,600	n.a.	n.a.	n.a.
Via Maiduguri	4,000	4,000	2,665	n.a.	2,291	4,169
6. <u>Total Exports</u>	48,698	47,739	46,566	86,255	69,129	73,975
7. <u>Total Import and Export</u>	172,516	163,148	158,476	222,505	216,734	223,328

* This figures seems too high.

Source: Data supplied by the authorities of Chad.

C. EDUCATION

Administration

Control is highly centralized under the Ministry of Education

At all levels French technical assistance personnel carry much administrative responsibility. Within the Ministry of Education and in the National Center for Educational Planning which links the administration of education with the Ministry of Planning, the French technical advisors and administrators are mainly responsible for the coordination of reforms in progress.

The administration has not yet achieved a high level of overall efficiency and coordination in spite of the good quality of technical assistance provided. This is due largely to the rapid expansion of the education system, difficulties of internal transport and communication, and lack of homogeneity among regions. These difficulties should become manageable as more Chadians acquire the training and experience required to cope with them.

Structure

Primary education comprises six grades in three two-year cycles and leads to the primary leaving certificate. Admission into secondary schools depends on the results of a special competitive examination. In secondary general schools a first cycle of four years ends with a leaving examination (BEFC). The second cycle of three years leads to the baccalaureat, required for entry into universities abroad.

A small proportion of the pupils who pass primary or first cycle secondary leaving examinations enter technical or vocational education. There is no university-level education in the country but some small government training establishments offer vocational training extending in special cases to post-secondary level. Several local languages are spoken in Chad but none is used universally and so French is used as the language of instruction. No tuition fees are charged.

The pattern of administrative grades and school structure, the status of school leaving certificates and daily schedules of secondary and technical school curricula have in the past followed French practice but these are now being adapted to Chadian conditions and requirements.

Private schools controlled by religious organizations are subsidized by the Government; they are subject to inspection by the

Ministry and conform to the pattern of public education. They account for about 10 percent of primary schools enrollment and less than 6 percent of secondary.

Primary Education

Public primary school enrollment has increased more than ten-fold in twelve years. In 1968-69 it was 19 percent or, if over-age children are included, 28 percent of the relevant age group; total enrollment was 178,894. The number of pupils per class and per teacher ranged up to 200 and averaged 66. Out of 2,500 primary school teachers, including only 70 women, 13 percent were qualified. Given the low teacher qualifications and other difficulties described above, the teacher/inspector ratio at about 120:1 is too high for effective supervision. Shortages of staff, accommodation, books and equipment are reflected in high drop-out and repetition rates.

School buildings are poor and classrooms overcrowded. Many classes are accommodated in straw huts; most of the more solidly constructed schools are ill-designed for the climate.

General Secondary Education

Public general secondary education is new to Chad. It was initiated in 1947 but the full two cycles of 4 and 3 years respectively were not available until 1960. There are now 20 first cycle schools (colleges d'enseignement general) and 5 two-cycle schools (lycees), each group containing about half the total enrollment. Enrollment was 8,200 in 1968-69 with 6 percent girls (Annexes 7-9). Expatriate children constitute a large proportion of enrollments in higher grades. Out of the total of 315 secondary school teachers in 1966-67, over 200 were supplied by French technical assistance and 35 others by bilateral and international programs.

In recent years the standard of the competitive entrance examination to secondary schools has not been high even though in 1968-69 only 38 percent of candidates were admitted. The first cycle leaving examination has not set high standards. These conditions, together with low primary school standards and the high rate of expansion of secondary enrollment, are the main causes of the low success rate in secondary education as a whole. Standards have now been raised; only 18 percent of candidates for admission to secondary school were accepted for 1967-68, and only 35 percent of candidates passed this year's first cycle leaving examination. The number of Chadians passing the first cycle leaving examination should increase from 366 in 1966 to about 700 by 1970, and those passing the baccalaureat should rise from 19 to over 80 in the same period. This would provide on a minimal basis for employment needs and for planned enrollments for further schooling or vocational training.

Agricultural courses in general secondary schools are to commence in 1968-69 with a single class of 25 at Koumra. With their extension to other rural centers, enrollment should increase to about 275 by 1971-72.

Improvements in accommodation and equipment, better provision of textbooks, and further change in the structure and orientation of secondary education are contemplated but a prior need is adequate preparation for pupils in primary schools.

Teacher Training

As school enrollments have multiplied in Chad, teacher training has been very much a matter of improvisation. In primary schools, where teachers are all Chadians, only 12¹/₃ percent are adequately trained. With an average of 72 pupils per class, they are overwhelmed by numbers. In secondary general, technical, and agricultural and teacher training schools, teaching depends largely on some 320 French technical assistance personnel. Present planning gives absolute priority to the improvement and extension of training for primary school teachers in order to provide the necessary foundation for longer term plans for secondary and further education and training.

Primary school teachers are trained in two pedagogical centers at Bongor and Fort Lamy and in the Normal School at Fort Archambault. The Bongor center trains higher level monitors in a one-year course after three to four years of secondary schooling, and ordinary level monitors in two years after 1-2 years of secondary education. Enrollment in 1965-66 was 250 pupils which is 100 above the planned capacity. The Fort Lamy center is attached to the largest secondary school in the country. It trains ordinary level monitors in a two-year course. Its normal capacity is 140 day students but enrollment for two years has been over 250.

The Normal School, opened in 1966, trains assistant teachers in two years after they have completed the four years of first cycle secondary school; until this year one year of course work was followed by one year of teaching practice under supervision but for 1967-68 the course work was extended to two years. Enrollment was 58 students in 1966-67. It is now proposed that the training of assistant teachers should be transferred to a new institution and that the Normal School undertake the training of Grade I monitors with enrollment expanded to 150.

Two-thirds of the teacher training staff in the three institutions are French technical assistance personnel. Within the limitations of accommodation and personnel available, the three centers operate efficiently. The curriculum is based on the main academic content of primary school activity but requires adaptation to

take account of the special problems of school children who are not familiar with the language of instruction. The curriculum also needs to be more closely related to the children's environment. Although changes have been initiated, these must, for the most part, await reforms in teacher training and the effects of the UNESCO/UNICEF program for the in-service retraining of 120 teachers each year.

Technical Education

Two technical schools, controlled by the Ministry of Education, offer technical training after two years of general secondary education at junior (certificate) and senior (brevet) levels. Total enrollment in 1968-69 was 250 pupils and most were enrolled in the junior courses: 120 in commerce at Fort Lamy, and 70 in industrial courses at Fort Archambault; of the senior pupils, 20 were in commerce and 40 in industrial courses. Of the teachers 17 were Chadian and the remaining 33 were supplied by French technical assistance.

At the Fort Lamy commerce lycee, teaching and administration are effective. In the industrial lycee at Fort Archambault there is a gap between the theoretical teaching and practical work and instruction is not closely related to the demands of the working environment in Chad; present plans to convert it into a diversified industrial training center are designed to correct these faults and at the same time expand its enrollment.

A number of small training centers under the Ministry of Education give one-year courses in the use of tools to primary school leavers. The Ministry of Labor provides one-year courses in special vocational training centers for a small number of youths. Training of government officials is organized by the appropriate ministries in administration, public works, telecommunications, and nursing (Annex 10).

Chad depends almost entirely on expatriate personnel for technical and management services. The need for more technical education is obvious and the rudimentary system already established provides a basis for future development. However, planning for the future awaits the evaluation of results of the survey by FAC/Unesco on technical and vocational training completed in February, 1968.

Agricultural Education

An agricultural school for training technicians is operated by the Ministry of Agriculture at Ba-Illi. Entrants must have passed the secondary school entrance examination. Some 50 students are admitted every year from over 350 applicants. A four-year course leads to a certificate of agricultural studies equivalent to the leaving certificate of first-cycle secondary education (BEPC). Holders of this certificate are appointed as field agents.

A regional Veterinary and Animal Husbandry Institute for Central Africa near Fort Lamy offers a three-year secondary level course for middle-level technicians in animal husbandry. Of 47 students, 21 are Chadians; most of the others come from neighboring countries. Enrollment is to rise to 60 when new accommodation becomes available and the institute will then upgrade the course to post-secondary.

Chad has been sending students abroad for agricultural training at higher levels than that provided by the Ba-Illi school but present policy is to limit this to students for higher diplomas and degrees and to use only institutions in neighboring African countries, namely, the agricultural faculty of Yaounde, Cameroon, and the Regional Center for Training Diploma Agriculturists (Ingenieurs des Travaux Agricoles) of the Central African Republic. The lack of qualified students has prevented Chad from making much use of these regional facilities but it is expected that increasing numbers will be trained in them in the future.

Practical or vocational training for about 200 young farmers is offered in six school farms established and operated with assistance from the Governments of Switzerland and the Federal Republic of Germany, ILO and private organizations. A Center for Rural Leadership (Centre d'Animation Rurale de Baro) conducts its training program in the villages through specially organized youth groups. The Agricultural Service in the Prefecture of Fort Archambault has also started youth centers in the villages. In the absence of qualified local teachers, all these programs depend heavily on foreign experts.

Extension education for adult farmers has resulted in significant development, especially in regard to the introduction of draft animals and improvements in the cotton crop. Further progress is handicapped by the absence of a strong extension service staffed with well trained field workers and qualified supervisors and subject-matter specialists.

Higher Education

Having no institutions of higher education, Chad has sent increasing numbers of students abroad in recent years. In 1966-67 83 Chadians were studying for degrees in foreign universities and another 245 were doing professional training in other countries. Medical and related studies and agriculture were about equally represented and accounted for over half the total number.

D. UNDP OPERATIONS

On March 22, 1968 the Government and UNDP signed an agreement on operational assistance revising the one signed on March 13, 1961.

The following include all operations present, future and possible.

Present operations

Regional Development Scheme in the Ouddaï

The project, approved in June 1969, consists of the following:

- a) Development of a Regional Training and Animation Center for training government agricultural officers, extension officers, extension agents and related personnel.
- b) Development of two Rural Development Centers at Adra and Am-Dam.
- c) Expansion of training program for cultivators.
- d) Expansion of livestock vaccination programs and improvement of fodder cultivation, particularly draught animals.
- e) Strengthening of credit and marketing arrangements through the continuation of price stabilization activities.

The total cost of the project is \$2.1 million of which UNDP finances \$1.7 million. ILO and FAO are executing agencies; the project is to be closely coordinated with similar projects in the area, particularly the FED operations in livestock.

Sategui-Deressia feasibility study

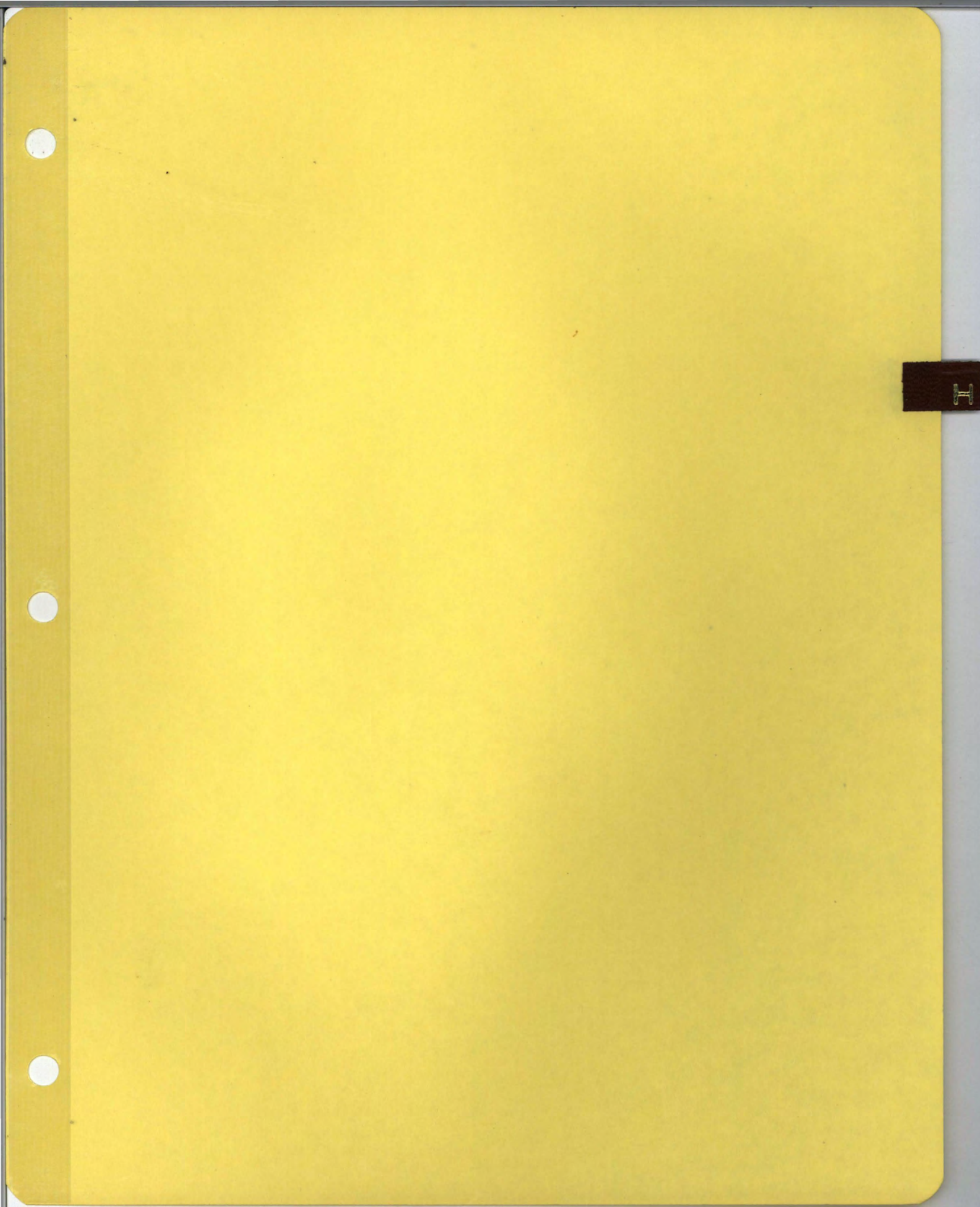
The project, approved early 1970, consists of a feasibility study of an irrigation project in the Sategui-Deressia region. An Italian consulting firm is carrying the feasibility study, the cost of which is around \$0.2 million. FAO is responsible for the technical supervision and the Bank is Executing Agency. This project is included in the 1973 Chad lending program and might be considered for joint financing with the African Development Bank.

Future Operations

The Government has requested from UNDP assistance in the field of economic planning, protection and improvement of fauna, improvement and increase of the animal production. These requests are under active consideration. The latter is of great interest for the Bank because of its implication in the Livestock project included in ^{the} 1971 lending program for Chad.

E. LAKE CHAD BASIN COMMISSION

(to be supplied later)



10. MEMBERS OF THE GOVERNMENT OF THE REPUBLIC OF CHAD

President of the Republic, President of the Council of Ministers	Mr. François Tombalbaye
Minister of Foreign Affairs	Dr. Jacques Baroum
Minister of Coordination for President	Mr. Antoine Bangui
Minister of Finance, Economy and Transportation	Mr. Abdoulaye Lamana
Minister of Planning and Cooperation	Mr. Georges Diguimbaye
Minister of Interior	Mr. Mahamat Douba Alifa
Minister of Public Works, Posts and Telecommunications	Mr. Michel Djindigar
Minister of Education and Culture	Mr. Dikoa Garandi
Minister of Agriculture and Animal Production	Mr. Raymond Naimbaye
Minister of Information and Tourism	Mr. Pierre Dessandre
Presidential Delegate to the Youth	Mr. Tourgoudi Ouchar
Minister of Water, Forest and Wildlife	Mr. Mahamat Hassan Dadjo
Minister of Defense	Mr. Mahamat Senoussi
Minister of Justice	Mr. Joseph Brahim Seid
Minister of Public Health and Social Affairs	Mr. Pierre Djime
Minister of Saharan Affairs	Mr. Moussa Maye
Minister of Labor, Youth and Sports	Mr. Ali Keke
Delegate to Parliament	Mr. Marc Dounia
Minister of Civil Service	Mr. Saleh Rahama
Secretary of Agriculture and Animal Production	Mr. Abderamane Haggar

Secretary of Economy, Finance
and Transportation

Mr. Ali Salim

Chief U.N. Delegate

Mr. Lazare Massibe

Ambassador to U.S.A.

Mr. Lazare Massibe

11. BIOGRAPHIES

President François Tombalbaye

President Tombalbaye was born at Bessada in the sous-prefecture of Koumra in 1918. He studied in Fort Archambault and Brazzaville, and was a primary school teacher at Fort Lamy, Fort Archambault, Koumra, and Kyale.

In 1957 he participated in the creation of the Parti Progressiste Tchadien which is still a local section of the Rassemblement Démocratique Africain (RDA). He was nominated Chairman of the PPT in September 1960.

During the colonial period, he was nominated member of the Territorial Assembly on March 30, 1952, and member of the Grand Conseil of French Equatorial Africa.

In March 1959 he became President of the Temporary Government of Chad and Prime Minister of the Chad Government in June 1959.

Since August 1960 he has been President of Chad, after re-election in June 1969.

President Tombalbaye is now Acting President of the African and Malagasy Common Organization.

M. Abdoulaye Lamana

Minister of Economy, Finance and Transport.

Born in 1933 at Massenya (Chari Baguirmi), M. Abdoulaye Lamana graduated from the Institute of Upper Overseas Studies in Paris (IHEOM).

He was civil servant before entering IHEOM in 1959, Deputy Director of Finances Services in 1961, and Director of these Services in 1962..

Since 1964 he is the Minister of Economy and Transports. He is in charge of the Ministry of Finances since October 1968.

He is muslim, married and father of five children.

M. El Hadj Abbo Nassour

Chairman of the Parliament

Born in 1927 at Kapka, in the northern Prefecture of Biltue.
He is son of the Sultan Abdoulaye Sabre, traditional chief of Kapka.

From 1959 to 1963 he was respectively Minister of Finances and
of Interior of State in charge of General Administration. Since 1963
he is the Chairman of the Legislative Assembly.

El-Hadj Abbo Nassour is muslim.

Georges Diguimbaye

Minister of Planning and Cooperation

Governor of Chad to the Bank Group

Born on October 16, 1935 at Fort-Lamy, M. Georges Diguimbaye is a Civil Administrator. After his primary school in Fort-Archambault and secondary school in Bongor, he became primary school teacher in Bongor from 1954 to 1957 and at Fort-Archambault from 1957 to 1959.

In 1961 he graduated from the Institute of Overseas Upper Studies (IHEOM).

He was Deputy Director of Planning in 1961, Director of Planning in 1962 and General Commissioner for Planning in 1964. He is Governor to the Bank Group since 1963.

He is protestant, married with four children.

M. Abdoulaye Lamana

Minister of Economy, Finance and Transport.

Born in 1933 at Massenya (Chari Baguimi), M. Abdoulaye Lamana graduated from the Institute of Upper Overseas Studies in Paris (IHEOM).

He was civil servant before entering IHEOM in 1959, Deputy Director of Finances Services in 1961, and Director of these Services in 1962.

Since 1964 he is the Minister of Economy and Transports. He is in charge of the Ministry of Finances since October 1968.

He is muslim, married and father of five children.

Jacques Baroum

Minister of Foreign Affairs

Born on July 13, 1932 at Laï (Tandjile), M. Jacques Baroum is a Doctor of Medicine graduated from Paris.

He was the initiator and the President of the Chadian Student Association in France from 1955 to 1960.

He is married with two children.

M. Antoine Bangui

Minister of Coordination to the Presidency of the Republic

Born on September 22, 1933 at Doba (Eastern Logone), M. Antoine Bangui is Inspector of Primary Teaching. He graduated in France from the Ecole Normale Supérieure de Saint-Cloud.

M. Bangui was Ambassador of Chad to the Federal Republic of Germany from 1964 to 1966. Since then he is the Minister in charge of Coordination attached to the Presidency.

Married, four children.

Mr. Waclaw Micuta

UNDP Resident Representative

Born December 6, 1915 in Poland. Married, 4 children. Speaks Polish, English, German, Russian and French. Graduated from the University of Posnan, Poland, in Economics in 1939.

1940-41: Chief of Supply, Warsaw.

1941-1944: Owner and Manager, Automobile enterprise.

1945-1946: Chief of Public Transportation, Warsaw.

1946-1948: Chief of Central Industrial Planning Office, Warsaw.

1948-1960: Economic Affairs Officer, Research Division, Economic Commission for Europe, Geneva.

1960-1961: Civilian Affairs Officer, United Nations Organization in the Congo.

1962: Economic Adviser to the United Nations Mission in Rwanda and Burundi.

1963-1965: Evaluation Officer, Programme Division, United Nations Technical Assistance Board, New York.

1965-1968: Deputy Representative, United Nations Development Program

1969: Resident Representative, United Nations Development Program in Chad.

Mr. Fernand Wibaux

French Ambassador to Chad

Born on July 21, 1921 in Paris, Mr. Fernand Wibaux got his Ph.D in Law in Paris. His career is the following:

- 1944: General manager of the civil services in Algeria
- 1949: Member of the Cabinet of the Secretary of State of State of the France Outremer
- 1950: Member of the Cabinet of the Minister of the Merchant Marine
- 1952: Member of the Cabinet of the Governor of French West Africa
- 1955: Chief of the Cabinet of the Minister of France Outre Mer
- 1956: General Director of the Office du Niger
- 1958: Chargé of Mission in the Cabinet of the Minister of France Outre Mer
- 1960: French General Consul in Bamako
- Jan. 1961: Chargé d'Affaires to Republic of Mali and then Ambassador
- Oct. 1964: Director of the Office of Welcoming and University Cooperation
- April 1968: Ambassador to Chad

Mr. Terence A. Todman

US Ambassador to Chad

Born in Virgin Islands on March 13, 1926, Mr. Todman graduated from Syracuse University in the field of Public Administration in 1951.

His governmental experience is as follows:

1951:	Assistant personnel ^{officer} in Virgin Islands Government
August 1952:	International relations officer
June 1957:	Political officer at New Delhi
September 1961:	Political officer at Tunis
January 1965:	Deputy mission chief counselor at Lomé
June 1968:	Department coordinator
September 1968:	International relations officer
January 1969:	Country director for Kenya, Tanzania, Seychelles and Uganda
July 1969:	Ambassador to Chad

Mr. Todman is married. He speaks French, Arabic and Spanish.