

CHAD

Table 1 **2023**

Population, million	18.3
GDP, current US\$ billion	13.2
GDP per capita, current US\$	722.4
International poverty rate (\$2.15) ^a	30.8
Lower middle-income poverty rate (\$3.65) ^a	62.8
Upper middle-income poverty rate (\$6.85) ^a	88.8
Gini index ^a	37.4
School enrollment, primary (% gross) ^b	90.4
Life expectancy at birth, years ^b	52.5
Total GHG emissions (mtCO2e)	121.1

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2022), 2017 PPPs.
 b/ WDI for School enrollment (2022); Life expectancy (2021).

Chad's economy has proven resilient despite the war in neighboring Sudan. GDP growth in 2023 is estimated at 4.1 percent (1 percent per capita), supported by higher oil production and public investment. Improved agricultural production eased inflation to 4.1 percent. While the poverty rate has declined, 5.5 million people still live in extreme poverty. Downside risks include uncertainty from the political transition, regional instability, insecurity, and climate shocks.

Key conditions and challenges

Chad's economic growth has been volatile and weak, reflecting the lack of economic diversification and dependence on the oil sector, which accounts for 85 percent of exports and 56 percent of fiscal revenues. Chad is also among the world's most vulnerable countries to climate change. Insufficient rains and frequent flooding have often had adverse impacts on the agricultural sector, the main sector of employment, which, together with conflict and displacement, has led to chronic food insecurity. Security remains precarious with threats by Boko Haram in the Lake Chad region, the armed FACT rebellion in the north, and escalating inter-community tensions. According to UNHCR, Chad was hosting nearly one million forcibly displaced persons at the end of 2022, including 593,000 refugees and nearly 400,000 IDPs. Since April 15, 2023, the war in Sudan has caused a mass influx of Sudanese refugees and Chadian returnees to eastern Chad. The number of new arrivals was estimated at around 496,834 at end-December 2023. In addition to the humanitarian challenges, the war in Sudan has induced higher expenditures (mostly military) and shortages of goods.

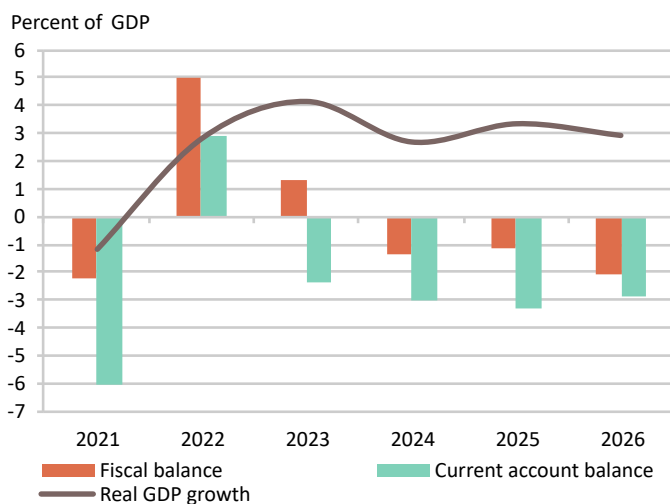
Recent developments

Despite the ongoing humanitarian crisis triggered by the war in Sudan, Chad's

economy is poised for its strongest, albeit still modest, performance since 2014, with an estimated GDP growth of 4.1 percent (1 percent per capita) in 2023. This growth is underpinned by oil production, which is expected to rise by 4.4 percent. Non-oil GDP is estimated to grow 4.1 percent (up from 2 percent the previous year) driven by public investment. After recovering from the 2022 floods, the agricultural sector is estimated to contribute 1.6 percentage points (ppts) to growth, followed by the services (1.4 ppts) and industry (1 ppt) sectors. Investment, primarily government-driven, is the main growth driver on the demand side, contributing 7 ppts to growth. In contrast, private investment is expected to have fallen due to increased interest rates and crowding out effects. The boom in public investment (+195.9 percent) led to a sharp increase in domestic demand (+9.5 percent). This in turn increased imports, along with other imports for humanitarian-related operations in support of the Sudanese refugees, and by significantly more than exports (imports +16 percent vs. exports +2.9 percent), resulting in a current account deficit of 2.4 percent of GDP in 2023.

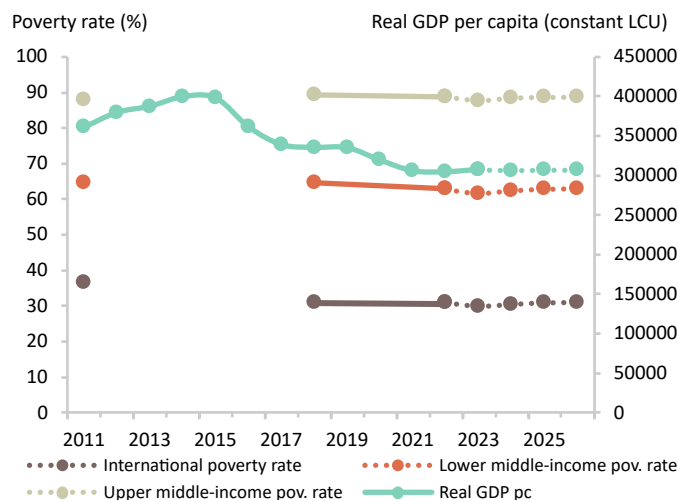
Inflation eased to 4.1 percent in 2023, owing to the base effect of high inflation in 2022 and the deceleration in food inflation (4.8 percent) because of improved agricultural production. Food insecurity remains a significant problem despite these improvements, with around 2.1 million people, or 11.5 percent of the population, facing severe food insecurity as of December 2023. The extreme poverty rate is expected

FIGURE 1 Chad / GDP growth, current account, and fiscal balance



Source: World Bank.

FIGURE 2 Chad / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

to decrease by 1 ppts to 29.9 percent in 2023; however, about 30 percent of the population (5.5 million people) continue living in extreme poverty.

The Bank of Central African States (BEAC) maintained its tight monetary policy stance during 2023 to contain inflationary pressures and support the external viability of the exchange rate arrangement. The BEAC policy rate was maintained at five percent following a cumulative increase by 175 basis points between November 2021 and March 2023.

Chad maintained a fiscal surplus of 1.3 percent of GDP in 2023, equivalent to a non-oil fiscal deficit of 15.8 percent, and falling from a 5 percent of GDP fiscal surplus in 2022. Despite high growth in tax revenues, supported by tax administration digitalization measures, and a peak in oil revenue, the fiscal surplus declined, reflecting the sharp rise in public investment. Total public debt is estimated to decline to 44.8 percent of GDP in 2023, compared to 47.4 percent in 2022.

Outlook

In 2024, growth is projected to decelerate to 2.7 percent (0.4 percent per capita) due to an expected decline in oil production and expectations of lower public investment, compared to 2023 levels. During 2025-2026, growth is projected to average 3.1 percent (0.1 percent per capita), as new oil fields are brought onstream. Non-oil GDP growth is projected at around 3.5 percent over 2024-2026. Government measures addressing food insecurity should ease food inflation, with inflation projected to fall to 3.9 percent in 2024 as a result, before averaging 3.3 percent over 2025-2026. With few linkages to poor and vulnerable populations, oil-sector driven growth is not expected to lead to poverty reduction without significant structural reforms. Moreover, continued security restrictions, low social protection coverage, and the ongoing Sudan crisis will restrict poverty

reduction. Extreme poverty is projected to increase by 0.5 ppt in 2024, equivalent to an additional 263,671 people falling into extreme poverty.

Reflecting lower oil prices and still elevated levels of government expenditures, the fiscal balance is projected to turn into a 1.4 percent of GDP deficit in 2024, remaining in deficit through to 2026. Public debt to GDP is projected to decline to 41.6 percent in 2025 and stabilize in the medium term. The current account deficit is expected to further deteriorate to 3 percent of GDP in 2024, and average 3.1 percent over 2025-2026, driven by moderating oil prices. The outlook is subject to multiple downside risks, including lower oil prices, political instability during the upcoming elections, heightened insecurity, and climate shocks. A prolonged Sudan war could worsen the humanitarian crisis, strain public finances, and increase inflationary pressures. Moreover, an escalation of tensions between Chad and Sudan could lead to considerable security concerns.

TABLE 2 Chad / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	-1.2	2.8	4.1	2.7	3.3	2.9
Private consumption	1.6	2.7	1.9	3.6	3.2	2.3
Government consumption	3.7	-1.5	1.1	0.4	3.0	3.1
Gross fixed capital investment	-4.3	-6.1	62.8	-17.2	-2.1	-0.4
Exports, goods and services	-0.4	5.0	2.9	3.8	4.1	4.2
Imports, goods and services	5.1	2.0	16.0	-3.1	2.0	2.1
Real GDP growth, at constant factor prices	-1.2	2.8	4.1	2.8	3.3	2.9
Agriculture	6.2	2.0	5.0	3.1	3.4	3.3
Industry	-4.6	4.1	3.3	1.1	2.0	1.7
Services	-4.3	2.3	4.1	3.9	4.4	3.5
Inflation (consumer price index)	1.0	5.8	4.1	3.9	3.6	3.0
Current account balance (% of GDP)	-6.0	2.9	-2.4	-3.0	-3.3	-2.8
Fiscal balance (% of GDP)	-2.2	5.0	1.3	-1.4	-1.2	-2.1
Revenues (% of GDP)	16.3	23.5	27.1	22.3	22.6	21.8
Debt (% of GDP)	52.1	47.4	44.8	42.3	41.6	41.9
Primary balance (% of GDP)	-0.6	6.5	3.0	-0.5	-0.3	-1.2
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	..	30.8	29.9	30.4	30.8	30.9
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	..	62.8	61.6	62.4	62.9	63.1
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	..	88.8	87.8	88.4	88.7	88.7
GHG emissions growth (mtCO₂e)	2.0	2.1	2.0	2.1	2.0	1.9
Energy related GHG emissions (% of total)	1.2	1.2	1.2	1.2	1.2	1.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on 2022-EHCVM. Actual data: 2022. Nowcast: 2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.