

Chad

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|--|--------------|---------------------------|-----------|--------------------------------------|---------------------------------------|----------------------------|-------|
| Status Index (Democracy: 1.4 / Market economy: 2.0) | | 3.4 | | Management Index | | 2.5 | |
| System of government | Autocracy | Population | 8.1 mill. | Voter turnout | 52.8 % (Parliamentary elections 2002) | GDP p. c. (\$, PPP) | 1,070 |
| Women in Parliament | 5.8 % (2003) | Unemployment rate | n. a. | Population growth^a | 2.6 % | HDI | 0.376 |
| Population growth^a | 2.6 % | UN Education Index | 0.41 | Largest ethnic minority | n. a. | Gini Index | n. a. |
| Data for 2001 – if not indicated otherwise. ^{a)} Annual growth between 1975 and 2001. Source: UN Human Development Report 2003. | | | | | | | |

1. Introduction

With the 2001 presidential election and the 2002 parliamentary elections, for the first time in Chad's history a president and legislature completed their terms under formally democratic conditions. However, considerable manipulation marred both elections. President Idriss Déby was confirmed in office; the governing party, the Patriotic Salvation Movement (*Mouvement patriotique du salut*, MPS), expanded its hegemonic position in the National Assembly.

This report on the status of transformation to democracy and a market economy during the past five years (1998-2003) concludes that Chad made no progress toward absolute goals in the political arena. The decision-makers left undone key tasks pertaining to state identity and nearly every other criterion for democracy. In the economic arena some ground was gained, but in almost every case the advances came under external pressure or stemmed from the development of infrastructure for the impending extraction of oil in southern Chad. The present government supports such advances only if they do not threaten its own position.

In view of the extremely adverse circumstances, and the fact that these derive in part from the government's policies, its management of economic affairs earns credit for limited and modest success. As Chad's future unfolds in the context of its extremely low level of development and unstable political situation, much will depend on what happens when the oil begins to flow.

2. History and characteristics of transformation

Chad took its first steps toward economic and political transformation at about the same time. After gaining independence from France in 1960, the country soon plunged into a civil war whose battle lines ran roughly between the Muslim north and the Christian/animist south. This north-south conflict continues to define Chad's political landscape, but the country's extreme cultural heterogeneity complicates the scene. There are numerous tensions within the major ethnic groups, and individual personalities also play a significant role. Interventions by Libya and France at times divided the country into two territories.

Territorial integrity was somewhat restored in 1987, when the government of Hissène Habré, with massive French support, managed to drive the rebels and Libyan troops from northern Chad. Habré was overthrown in 1990 by Idriss Déby, his former army chief of staff and a member of the Zaghawa ethnic group from northern Chad. In 1991, faced with upheavals in sub-Saharan Africa and under moderate pressure from France, Déby promised to undertake a political transformation. A national conference in 1993, formally modeled after that in Benin and other western and central African states, led to a constitutional referendum as well as ostensibly competitive presidential elections in 1996. Under less than free and fair conditions, Déby won the presidency. In 1997 the multiparty parliamentary elections established the hegemony of his party, the MPS.

During this period, the Déby regime also confronted a number of ethno-regional and personality-based groups known as political-military movements. Their guerrilla activity in peripheral regions—north, south, southeast, southwest—challenged the central government's power. A mixture of repression, concessions and co-optation in the form of numerous peace agreements brought these groups partially under control. The tendency toward fragmentation remained strong, uprisings against Déby continued to erupt, and he never seemed willing to share power in any substantial way. As a result, no sustainable solution took hold.

In 1998—the start of the period under study—a rebellion broke out in northwestern Chad, spearheaded by the Movement for Democracy and Justice in Chad (*Mouvement pour la démocratie et la justice au Tchad*, MDJT) under Déby's former defense minister Youssouf Togoïmi, who died in September 2002. A peace agreement signed in January 2002 fell apart by May. The presidential elections of 2001 and the parliamentary elections of 2002 were, once again, neither free nor fair. Thus, at the beginning of 2003 Chad had still achieved neither a monopoly on the use of force or political participation, the two key goals of political transformation.

The long years of civil war precluded any steps toward a market economy until the Déby era. Starting from the bottom in practically every respect, and after years

of economic mismanagement, Chad agreed to implement an International Monetary Fund (IMF) structural adjustment program. The successful completion of this Enhanced Structural Adjustment Facility (ESAF, 1996-1999) set the stage for a Poverty Reduction and Growth Facility (PRGF, 2000-2003), which in turn was necessary to qualify Chad for a highly indebted poor countries (HIPC) debt relief initiative. But irregularities—arms purchases, corruption—delayed that qualification. The government also tarried in presenting a Poverty Reduction Strategy Paper (PRSP). Both of these problems are signs of its limited commitment to market-economy reforms.

Any hope for substantial improvement in the socioeconomic situation derives from the significant oil deposits discovered in Chad in 1993. With the support and supervision of the World Bank, Chad joined a consortium of American and Malaysian oil companies (ExxonMobil, Chevron, Petronas) to launch the Doba oil project. The creation of the necessary infrastructure, including a pipeline from Chad to Cameroon, has already triggered a growth spurt. However, the project has sparked criticism because of ecological shortcomings, insufficient inclusion of the Chadian population and possible political repercussions if conflict over the oil “booty” spirals into greater violence. In the long term, Chad may well replace its former dependence on cotton with a rent-seeking economy that depends on oil.

3. Examination of criteria for democracy and market economy

3.1 Democracy

Chad made no progress in transforming its political regime during the period of the study. Shortcomings persist in all areas, but especially in state identity, political participation, rule of law and political and social integration.

3.1.1 Political regime

(1) *Stateness*: Chad’s many active political-military movements have caused considerable problems for its state identity. In certain parts of the country (the desert areas of the north, border areas in the southeast), the state lacks a monopoly on the use of force and cannot guarantee public safety and order. A workable administrative system does not exist. There are few problems in defining citizenship, who qualifies as a citizen or the separation of church and state, but Chad’s ethnic and religious groups discriminate against each other. “Northerners” and Muslims, who dominate the state leadership, receive preferential treatment, while “southerners,” Christians and people practicing traditional African religion (animists) encounter discrimination. Therefore, a fundamental national sense of solidarity is absent.

(2) *Political participation*: Universal suffrage, the right to campaign for office and democratic elections are assured de jure but not de facto. Serious violations of the principles of open and competitive elections—involving voter registration, election campaigns, and intimidation on election day—marred the elections of 1996, 1997, 2001 and 2002. The current government does have actual power to govern, except in regions where the political-military movements have their main bases; these movements can be regarded as veto actors.

Chad's armed forces do not constitute an authoritarian enclave in the traditional sense because they are largely under the control of the government, which emerged from their ranks. However, high-ranking officers often desert their posts to form political-military movements, and attempted military coups remain a threat. Problems likewise exist in the implementation of political organization and communication. Both state and private media, especially the latter, are occasionally subjected to state repression. Although political and civil society organizations can form relatively freely, their activities make them vulnerable to repressive measures that are inconsistent with democratic principles.

(3) *Rule of law*: Severe shortcomings in transformation exist in the oversight of the executive branch as well as the independence and efficiency of the judiciary. The president's party, which in any case holds a strong position, also controls Parliament, where the party's grip has increased since the 2002 elections. Opposition parties are greatly underrepresented and therefore have very little influence. Formally, the judiciary is institutionally distinct, but its decisions and doctrine are subordinated to the Déby government. It is vulnerable to executive intervention, lacks adequate resources and is riddled with corruption.

Although corrupt office-holders certainly attract adverse publicity from civil society, the media and opposition parties, they are not prosecuted adequately under the law. On rare occasions, officials suspected of corruption may be dismissed. Chad's finance minister was dismissed in spring 2001 under allegations of embezzlement, but such instances often involve pressure from donors and gloss over the presumed irregularities. For the most part, civil liberties exist only on paper, not only for lack of a nationwide monopoly on the use of force but also for lack of political will and judicial controls. The government, its security forces and the rebels all violate civil liberties.

3.1.2 Democratic stability

(1) *Institutional stability*: The democratic institutions of Parliament and the executive branch are relatively stable and functional because of the hegemony held by Déby and the MPS. The only shortcoming in this regard, already noted above, is the opposition's inadequate influence. The administrative systems and the judiciary work very poorly, for the reasons also cited above. As a result, the

political and the military opposition hold Chad's not terribly democratic institutions in low esteem. The most prominent expressions of this disdain are the violent campaigns undertaken by the political-military movements, which break peace agreements as often as they sign them, and the election boycotts called by opposition parties, as in the parliamentary elections of 2002. Some opposition parties and opposition leaders likewise resort to violence on occasion.

(2) Political and social integration: The inadequate integration of Chad's political institutions goes hand in hand with the personalized hegemonic party system of Déby and the MPS, both of which disregard minimum democratic standards. Nearly all the parties have strong personality-based and ethno-regional roots and advocate unconstitutional and violent platforms. Social polarization, already severe, is exacerbated by the paucity of strong and active civil society organizations; in 2000, Chad had only 0.27 NGOs per 100,000 inhabitants.

The few groups that do exist generally have relatively good democratic integrity, but fundamental organizational shortcomings keep them from sustaining even a monitoring function. The population's attitudes toward democracy cannot be adequately evaluated because of a lack of survey data. However, the low voter turnout in the latest elections (approximately 50 % in 2002) can be taken as an indication of the population's dissatisfaction with the thwarted political transformation.

Social self-organization and the buildup of social capital also fall short. Given Chad's long history of violent intercultural conflicts, there is very little trust among the population. On the contrary, intercultural tensions persist, as described above. Nor does the government show any inclination to address the massive human rights violations under Habré's regime—a regime in which Déby held high military posts before he overthrew his former mentor.

3.2 Market economy

Chad has made slight to moderate progress in transforming its economic order and economic performance. This rests almost exclusively on conditions imposed from abroad (especially by the IMF and the World Bank), somewhat more favorable climatic conditions, improved world market prices for cotton, the former cash crop, and the initial stages of the Doba Oil Project, which to date include infrastructure and preparations. Oil extraction was scheduled to begin in July 2003, after the period addressed by this report. Severe shortcomings exist particularly in Chad's level of development and its welfare regime.

3.2.1 Level of socioeconomic development

As one of the world's least developed countries (ranked 166 of 173 on the HDI), Chad exhibits social exclusions that are quantitatively and qualitatively extensive and structurally entrenched. Other relevant indicators for 2000—64 % of the population below the national poverty line; ranked 86 of 88 in the Human Poverty Index for developing countries; ranked 140 of 146 in the GDI, low UN Education Index—demonstrate that Chad lacks the socioeconomic prerequisites for adequate freedom of choice.

Although some indicators have shown moderate improvement in recent years, they remain far below acceptable minimum standards. Only the fight against hunger has achieved significant advances, with international assistance. Reliable and up-to-date data for social disparities are not available. For example, the most recent Gini index was ca. 35.0, but dated from 1958.

3.2.2 Market structures and competition

A strong informal sector, corruption and the deficient rule of law hinder the development of market-economy competition, although the state takes relatively few steps to intervene in the economy. Chad ranks as “mostly unfree” on the Index of Economic Freedom, although a slow, steady improvement was evident during the period under study. The state-owned enterprise Cotonchad still holds a monopoly on cotton, until now the main cash crop, but pressure from the IMF has spurred plans for privatization.

In the soon-to-be-important oil sector, the Doba oil project consortium shares are divided among three transnational corporations: ExxonMobil 40 %, Petronas 35 %, Chevron 35 %. Liberalization of foreign trade has advanced in terms of barriers to the flow of capital and external investments. On the other hand, Chad's membership in the Central African Monetary and Economic Union (*Communauté économique et monétaire de l'Afrique centrale*, CEMAC) and rampant corruption among customs officials make for a high degree of de facto protectionism. The legal underpinnings for the banking system and capital market exist, under the supervision and control of the Bank of Central African States (*Banque des États de l'Afrique centrale*, BEAC), but the market is poorly differentiated and offers scant opportunities for domestic investors.

3.2.3 Stability of currency and prices

As a member of the CFA-franc monetary union, Chad cannot pursue an independent policy on currency and foreign-exchange rates. The currency is pegged to the euro, as it had been formerly pegged to the French franc. The

BEAC is fully independent. Monetary union was established well before the period under study, in the early 1970s. With some exceptions, such as a spurt of inflation after the CFA franc was devalued in 1994, this has led to relatively low inflation rates.

The government's budgetary policy, once deficient, has improved slightly. Chad reached the primary goal set by the IMF at the end of 2002. Problems remain in the management of expenditures (too little for social welfare and too much for defense), in efforts to optimize revenues (especially tax revenues) and particularly in Chad's foreign debt.

3.2.4 Private property

Property rights are adequately defined but cannot be considered adequately safeguarded because of rule-of-law shortcomings, and to a lesser extent because of direct state intervention. Private companies, while permitted, encounter general socioeconomic and especially political barriers to development. Privatization of state enterprises—an IMF requirement—made definite progress in recent years. However, the para-state company Cotonchad still dominates the important cotton sector. The oil sector managed to avoid dependence on one company.

3.2.5 Welfare regime

State measures to avert and alleviate social risks are minimal. The government put off submitting a PRSP to the IMF and had not done so by the end of 2002. The large informal sector contributes to poverty reduction to an unknown extent. Equality of opportunity does not exist. Chad's society is significantly stratified. In particular, members of ethnic groups close to the ruling Déby clan enjoy a distinct advantage. A woefully inadequate education sector cannot function as a compensatory institution. Women lack adequate access to public office and to educational institutions, as shown by the low percentage of women in Parliament and the poor GDI rating.

3.2.6. Strength of the economy

Key macroeconomic fundamentals have improved in the last two years. After contracting in 1999 and 2000, GDP definitely grew in the following years. Contributing factors included improved climatic conditions, the recovery of cotton prices and, especially, the investments associated with the Doba oil project. With infrastructure almost entirely in place, production was scheduled to commence in July 2003.

Chad is not fully exploiting its potential for economic growth, mainly because of the many shortcomings outlined above in almost all areas. Oil extraction can be expected to spur strong growth rates but also introduce the features of a rent-seeking economy. Other potential outcomes include a definite increase in political tensions and a growth-inhibiting rise in violence.

3.2.7 Sustainability

In addition to the shortcomings in the welfare regime described above, national and international NGOs also worry that ecological concerns will receive short shrift in the Doba oil project. The World Bank body supervising the project has already criticized various ecological shortcomings, though some of these relate to Cameroon. Chad has not yet found any effective way to counter the central ecological problem of desertification, which compounds the negative effect that erratic rainfall has on economic development.

Ecological concerns quite clearly take a back seat to economic considerations. Chad lacks solid institutions for education and training, research and development. Expenditures on education in 1995-1997 amounted to only 2.2 % of GDP. Perhaps even more obvious is the country's lack of infrastructure. Some slight improvements have been achieved in these areas, along with significant successes, supported by the donor community, as the infrastructure for oil extraction took shape.

4. Trend

(1) Democracy: On the whole, Chad's political transformation stalled during the period under study at a level below the minimal standard for a democratic system. The state monopoly on the use of force, a functional administrative system, an independent and efficient judiciary, public safety and order, and freedom of opinion (citizens, media) and other civil liberties were not assured or only inadequately assured.

The elections held in 2001 and 2002, like the country's first elections, were less than competitive. Their outcomes reinforced the institutional hegemony of President Déby and the MPS. Neither the MPS nor the opposition parties have taken any steps toward political and social integration; indeed, their personality-based and ethno-regional orientation potentially contributes to disintegration. Efforts to peacefully resolve the demands of the political-military movements sometimes ran aground. Corruption and a culture of impunity, particularly if members of the regime are involved, remain very widespread. Civil society still has scant ability to organize. Moderate interest groups (labor, capital) are

nonexistent or relatively insignificant. The citizenry still shows little willingness to participate in conventional democratic institutions, such as elections.

(2) *Market Economy*. Fundamental development indicators improved slightly overall during the period under study, but they started at a decidedly low level. Although GDP shows growing momentum, key social parameters remain stagnant.

Table: Development of socioeconomic indicators of modernization

| | HDI | GDI | GDP index | Gini index | UN Education Index | Political representation of women | GDP per capita (\$, PPP) |
|------|-------|-------|-----------|-------------|--------------------|-----------------------------------|--------------------------|
| 1998 | 0.367 | n. a. | 0.36 | 35.0 (1958) | 0.37 | 2.4 (1997) | 856 |
| 2000 | 0.365 | 0.353 | 0.36 | n. a. | 0.39 | n. a. (2002) | 871 |

Source: Human Development Report, 2000, 2002.

The institutional setting presents a similar picture: advances in privatization, the capital market and the banking system. Infrastructure development, chiefly the Doba oil project, and budgetary policies, spending discipline, earn mixed marks. Serious shortcomings still plague the assurance of property rights and private economic activities under the rule of law, the education sector, the fight against poverty and corruption, infrastructure in general and the country's debt. The recent growth spurt basically derives solely from investments related to the Doba oil project, which has been relatively rigorously pursued. On that score, the government can be credited with a modest development success.

Table: Development of macroeconomic fundamentals (1998-2002)

| | 1998 | 1999 | 2000 | 2001 ^a | 2002 ^b |
|------------------------------|-------|-------|-------|-------------------|-------------------|
| Growth of GDP, in % | 5.0 | -0.2 | -0.9 | 8.1 | 11.3 ^a |
| Exports in \$ millions (fob) | 262 | 228 | 183 | 177 | 197 |
| Imports in \$ millions (fob) | 281 | 264 | 233 | 449 | 570 |
| Inflation in % (CPI) | 4.3 | -8.0 | 3.8 | 12.4 | 6.0 |
| Debt in \$ millions | 1,092 | 1,142 | 1,116 | n. a. | n. a. |
| Debt service ratio | 9.2 | 11.0 | 9.3 | n. a. | n. a. |

| | | | | | |
|--|------|------|------|------|-------|
| Budget deficit in % of GDP | -3.1 | -5.6 | -7.0 | 5.6 | n. a. |
| Current account balance in \$ millions | -143 | -173 | -186 | -561 | -761 |

Source: African Development Report 2002; 2000; EIU Country Report Chad November 2002. a. BEAC estimate; b. EIU estimate.

5. Transformation management

5.1 Level of difficulty

Chad faced extremely adverse conditions for a successful political and economic transformation. Reasons include its extremely low level of socioeconomic development, still severely deficient market economy setting, scant human capital, adverse climatic conditions, persistent ethnic and regional strife, lack of civil society traditions and organization, and serious shortcomings in the rule of law, democratic patterns of behavior and state administrative activity.

The outbreak of another uprising, by the MDJT, at the start of the period underscores the country's lack of democratic consensus, a problem attributable in part to the government's inadequate democratic integrity. However, Chad seems much less plagued by violence than in the past. The sole bright spot on the horizon is Chad's considerable oil wealth; with assistance from the World Bank, the country is taking steps to exploit this resource. At the end of 2002, Chad can be described as a politically hybrid regime exhibiting authoritarian tendencies and moving toward a rent-seeking economy.

5.2 Reliable pursuit of goals

The Chadian government's economic strategy clearly dovetails with its political objectives. In striving to maintain existing revenue sources and develop new ones via the oil project and extensive cooperation with international donors (especially the IMF and the World Bank), it seeks to secure its hold on power. The present government is not pursuing a policy of democratic transformation. Its economic reforms are the means to an end, pursued only to the extent that its main goal remains intact. In that sense, the government does appear to have a clear plan. Granted, its efforts yield positive side effects in the form of cooperation with donors and potential improvement in general socioeconomic conditions.

At the same time, this policy harbors the risk of violent resistance, which indeed has already flared up and could grow worse. The government evidently hopes that growing revenues will expand its options for military repression or co-optation. Confidence in the government's reliability is inconsistent and imperfect, because

its goals differ from those of the donors (see below) on which Chad still heavily depends, though this dependence will likely diminish in future.

5.3 Effective use of resources

Given the government's disinterest in democratic reform and its exploitation of economic goals to cling to power, fundamental reservations are appropriate here. In any case, the government cannot be said to use resources effectively, because its appointments, especially to high office, favor individuals with close ethnic ties to the ruling clique. Significant shortcomings include corruption even at high levels, persistent problems with foreign debt and budgetary policies despite conditions set by the IMF and the World Bank, and incompetent administration (tax revenues). Some advances have been made, but they came only under pressure from donors and fell short of the requirements imposed. The same holds true for the public services sector, where significant improvements are connected primarily with the oil project.

The fight against corruption is not one of the government's priorities. Persistent shortcomings, even in top government circles, and the culture of impunity have already been noted. The Déby clan and its ethnic group, the Zaghawa, control broad segments of the government. Patronage and corruption pervade the political culture. In regard to cultural heritage that the political elite could put to work for political and economic transformation, the most likely candidate would be Islam, though its espousal of integrism and prohibition of interest earnings raise questions about its suitability as a resource for democracy and a market economy. The government has taken certain small steps in that direction including construction of mosques and pilgrimages by politicians, but because 50 % of Chad's population is non-Muslim, a strong religious orientation would also have politically counterproductive effects.

5.4 Governance capability

Having developed its economic reform policy under pressure from the IMF and World Bank, the government did not always implement it fully and on schedule. It demonstrated a certain degree of flexibility and adaptation, accepting imposed conditions to avoid jeopardizing the cooperation in general and the oil project in particular. However, the government pursues the goals of economic reform only halfheartedly and with reservations. Because of the previously mentioned limitations on its monopoly on the use of force, the government lacks sufficient authority to implement long-term reforms that might put Chad squarely on the road to a market economy. However, it apparently also lacks the will to do so.

It has misallocated resources—in 2000, it misappropriated some of the oil bonus to purchase weapons to quell the rebellion in the north—but the efforts made in alliance with the IMF and the World Bank have yielded some advances. The government's political reform strategies leave even more to be desired. Its lack of will has already been noted. It does pursue its strategy of retaining power with a certain degree of political astuteness, though this also carries risks. It relies on repression, cooptation, and a frequently successful divide-and-conquer approach, but also on dialogue and a willingness to resolve conflict peacefully—always provided that its own power remains secure.

5.5 Consensus-building

The government fails to pursue a comprehensive policy of political and economic reform. Largely as a result, it also fails to reach a broad consensus with other social actors. Chad lacks a broad consensus that democracy and a market economy are goals worth pursuing. Politically, the greatest barrier is the government itself.

The opposition—the political-military movements and the opposition parties marginalized in Parliament—makes more consistent demands for a sustainable market economy and democracy. However, the opposition has no power, only a marginal position in Parliament, and justifiably dubious credibility. Even if it did manage to take over the reins of government, a substantial change in course would be unlikely. The reasons include not only the violent past and present of many actors, but also a general culture in which “political entrepreneurs” with an ethno-regional following readily resort to violence and cooptation to advance their personal wellbeing and power. Possible exceptions, such as the current opposition leader Ngarlegy Yorongar, are thwarted by the government more than anyone else, making the regime the central “veto actor.”

Because ideological conflicts are largely absent, the government often manages to conclude peace agreements with the political-military movements. In terms of securing its monopoly on the use of force and laying the groundwork for a civil consensus, this is somewhat to its credit. The agreements, which mainly involve integrating the combatants into the government's army and giving their leaders government positions, often fall apart because the government lacks adequate resources and a true willingness to share power. The government is unable to bridge the personality-based and ethno-regional lines of conflict described above.

This cultural cleavage and violent intercultural history also poses the greatest obstacle to a fundamental sense of solidarity in Chad—a situation that the current government's ethnic orientation only exacerbates. Attempts to address the particularly repressive past under the Habré regime run aground because Déby himself was caught up in those human rights violations before he broke ranks with

Habré. For example, the government indignantly rejected a report by Amnesty International in 2001.

5.6 International cooperation

Subject to certain limitations, the government is willing to cooperate with external supporters and actors. Its cooperation with international donors has already been noted. Cooperation comes more readily in the economic arena than in the political, though economic and political interests keep external actors such as France and the United States from pushing strongly for democratic reform. What pressure does come from Paris might even decrease when France no longer has a divided government.

France has stationed a military contingent of 900 soldiers in Chad. Relations between France and Chad fluctuate; both the government and the opposition find France-bashing an effective populist strategy. The withdrawal of TotalFinaElf from the oil project in 1999 generated friction. On the economic front, the government does work with international financial institutions and donors, despite its failure to comply with certain of their requirements, as noted above. Also already noted are its motives—to bring in funds and to retain its grip on power; nevertheless, its cooperation earns moderately positive marks.

In principle, Chad's political actors are willing to cooperate with neighboring states as part of regional and international organizations. For example, Chad belongs to the CEMAC customs union and the CFA-franc monetary union. However, the government falls short of giving the international community a sense that expectations will be reliably fulfilled. Friction arises because of the potential for supporting political-military movements across borders. Libya's presumed support of the MDJT caused tension.

An even more difficult situation developed in 2001-2002 between Chad and the Central African Republic (CAR) after Chad granted asylum to François Bozizé following his failed coup. Incidents along the border left several people dead. The conflict peaked when the CAR, not implausibly, accused Chad of supporting another attempted coup against President Ange-Felix Patassé in October 2002.

6. Overall evaluation

In view of the initial conditions, current status and evolution, as well as the actors' political achievements (management), this assessment concludes the following:

(1) *Originating conditions*: Overall, the starting conditions for transformation can be termed very negative. Before the period under study, Chad had neither

functioning market economy structures nor anything resembling minimal democratic standards. Obstacles loomed on nearly every front. The state lacked a monopoly on the use of force; ethnic fragmentation precluded a sense of solidarity; the rule of law did not prevail; democratic procedures were not substantially observed; fundamental socioeconomic indicators showed serious deficits. In short, the setting was extremely unfavorable.

(2) *Current status and evolution:* Chad has made no progress toward democratic transformation. Conditions remain as unsatisfactory as they were in 1998. The elections of 2001 and 2002, which were neither free nor fair, confirmed severe shortcomings in participation and competition. Hopes that the government could exercise a monopoly on the use of force were dashed. None of the other political problems listed above showed any improvement. Any advances occurred during the preceding period (1990-1996), and even those were modest at best.

Chad has gained some ground in its transformation to a market economy, but the improvements came primarily under external pressure and in preparation for the extraction of oil. Thus, Chad appears to be heading in the direction of a rent-seeking economy rather than an integrative market economy. The transformation to a functioning social market economy is far from complete. Urgent problems remain, especially in the social sphere (poverty, equal of opportunity) and the civic framework (administration, rule of law, education).

(3) *Management:* The verdict on relative management performance must take into account the decidedly poor starting conditions; only the country's rich oil deposits and willingness to cooperate with international financial institutions and other donors stand in its favor. In the political arena, the government lacked the will to complete the political transformation. At best, it succeeded in retaining its hold on power.

Its failure to build consensus poses a major obstacle even to the goal of securing a monopoly on the use of force. In the economic sphere, on the other hand, some management successes were achieved. The cooperation with the IMF and the World Bank to secure assistance and to provide the infrastructure for the Doba oil project yielded improvement of some framework conditions and, at least in the past two years, better economic output. Once again, it must be noted that the government may well have joined forces with donors only to the extent that this would secure financial resources for the future.

7. Outlook

The overall picture is not very positive; this underscores the conclusion of many observers that Chad has far to go on the road to successful transformation. The list of problems is long. To enumerate them in full here would be pointless; to solve

them will be difficult. Strong growth rates can be expected when the oil starts to flow, but it will take much more than that to build democracy and a social market economy. Chad may be headed for a rent-seeking economy that chiefly benefits the elite, but another scenario is possible: civil war, or a “war economy,” should the country’s already simmering tensions boil over as political actors fight for a share of the richer spoils.

The key to setting Chad on a positive course lies in changing the attitudes and behaviors of the central actors; only this will make it possible to tackle the many political, administrative and social tasks that lie ahead. Whether this can happen without external help and pressure seems as dubious as whether that would suffice. But this is the essential first step; only then can Chad turn its wealth of resources in a positive direction, as Botswana has done, for example.