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CHAD

August 2025

REQUEST FOR A FOUR-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY —PRESS RELEASE; STAFF REPORT; STAFF STATEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CHAD

In the context of the Request for a Four-Year Arrangement Under the Extended Credit Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 25, 2025, following discussions that ended on May 17, 2025, with the officials of Chad on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 26, 2025.
- A **Debt Sustainability Analysis** prepared by the staff of the IMF and the World Bank.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Chad.

The documents listed below have been or will be separately released.

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International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR25/269

IMF Executive Board Approves a New 48-Month Extended Credit Facility (ECF) Arrangement for Chad

FOR IMMEDIATE RELEASE

- The Executive Board of the International Monetary Fund (IMF) approved today a 48-month arrangement under the Extended Credit Facility (ECF) in the amount of SDR 455.65 million (about US$625 million or 325 percent of quota) for Chad. The Board's decision allows for an immediate first disbursement equivalent to SDR 28.04 million (about US$38.5 million).

- The 48-month financing package will support the objectives of the authorities' National Development Plan 2025-2030 by ensuring fiscal sustainability, creating fiscal space for key development projects, increasing targeted social spending, and improving governance and the business climate. It will also help meet Chad's balance of payment needs at a time of acute financing pressures.

- The ECF arrangement is expected to catalyze additional external financing from development partners.

Washington, DC – **July 25, 2025:** The Executive Board of the International Monetary Fund (IMF) today approved a 48-month ECF arrangement for Chad, in the amount of SDR 455.65 million (about US$625 million, or 325 percent of the country's quota), to support the authorities' economic and structural reforms, and address the country's protracted balance of payment needs. The Executive Board's decision allows for an immediate first disbursement of SDR 28.04 million (about US$ 38.5million).

The new arrangement supports the objectives of the authorities' National Development Plan 2025-2030 across three main pillars. First, it will aim at ensuring sustainable fiscal policy and creating fiscal space to finance key development projects. Second, the program aims to support the authorities' objectives of inclusion, notably through an increase in targeted social spending to lift development outcomes. Third, the program will contribute to improvements in governance and business climate to create the conditions for more balanced and stronger economic growth. The program will also contribute to the regional effort to ensure external stability for the Economic and Monetary Community of Central Africa (CEMAC) through meeting Chad's balance of payments financing needs at a time when the country is facing substantial financing pressures from more volatile oil prices, unprecedented refugees and food security crises, in the context of diminishing donor support and a continued funding squeeze.

Following the Executive Board discussion, Mr. Clarke, Deputy Managing Director and Chair, made the following statement:

"Chad faces formidable challenges stemming from humanitarian, climate, and security shocks, compounded by volatile oil prices and declining official development assistance. These factors have heightened balance-of-payment needs, strained public finances, and intensified social and humanitarian pressures, particularly with the unprecedented influx of refugees from Sudan. Despite these challenges and following the conclusion of the political transition in early 2025, the authorities have demonstrated a strong commitment to macroeconomic stability and reform, with the adoption of an ambitious National Development Plan for 2025–2030.

"The authorities' program, supported by a new four-year arrangement under the Extended Credit Facility, aims to address balance-of-payment needs, achieve macroeconomic stability, and support inclusive growth. The program is anchored on three pillars: ensuring fiscal sustainability while creating fiscal space for development projects; expanding targeted social spending to address widespread poverty; and strengthening governance and the business climate to foster private sector development.

"Steadfast implementation of fiscal reforms will be critical to create fiscal space for the implementation of the National Development Plan while ensuring sustainability. In this regard, mobilizing non-oil revenues—notably through targeted tax increases, streamlining tax exemptions, and the digitalization of tax administration—will be important. Efforts to contain non-priority spending through streamlining the wage bill, reducing the use of emergency spending procedures, and strengthening public financial management and fiscal transparency will also be needed.

Reforms to enhance social inclusion and governance are essential to foster stronger and more balanced economic growth. In this respect, the authorities' plans to expand biometric identification, and the unified social registry are critical to deliver effective social protection. Governance reforms, notably in the oil sector, are needed to enhance transparency and accountability. The authorities' request for an IMF Governance Diagnostic and their commitment to publish an audit on oil revenues and to improve oversight of state-owned enterprises are important steps in this direction."

Table 1. Chad: Selected Economic and Financial Indicators, 2023-30

	2023	2024	2025	2026	2027	2028	2029	2030
	Act.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)							
Real Economy								
GDP in chained volumes	5.0	3.5	3.3	3.6	3.3	3.7	4.0	4.1
Oil GDP	7.4	-1.2	-0.7	4.1	2.3	3.2	2.3	1.3
Non-oil GDP	4.3	4.6	4.2	3.5	3.5	3.8	4.2	4.4
GDP deflator	-4.2	2.8	0.2	1.5	1.9	1.9	2.0	1.9
Consumer price index (annual average)	2.3	5.1	4.0	3.6	3.1	3.0	3.0	3.0
Oil prices								
Brent (US$/barrel)[1]	82.3	79.9	67.7	63.3	63.7	64.7	65.6	66.4
Chadian price (US$/barrel)[2]	77.8	78.2	65.3	60.6	60.7	61.7	62.6	63.4
Oil production for exports (millions of barrels)	51.5	50.8	50.4	52.7	53.9	55.8	57.2	58.0
Exchange rate CFAF per US$ (period average)	606.5	606.2	...	...	...	...	...	...
Money and Credit								
Net foreign assets[3]	-0.9	28.1	0.9	0.6	0.0	0.1	0.9	2.3
Net domestic assets[3]	15.4	-11.2	11.1	9.4	8.0	7.7	6.6	5.0
Of which : net claims on central government	4.5	0.3	-0.8	-2.1	-0.5	1.6	0.4	-0.2
Of which : credit to private sector	4.9	7.1	4.1	3.6	3.4	3.4	3.5	3.7
Broad money	14.6	17.0	12.0	10.0	8.0	7.8	7.5	7.3
Velocity (non-oil GDP/broad money)	4.2	3.9	3.7	3.6	3.5	3.5	3.4	3.4
External Sector (valued in US dollars)								
Exports of goods and services, f.o.b.	-5.9	3.1	-5.8	1.3	3.2	4.8	4.7	3.9
Imports of goods and services, f.o.b.	7.7	4.8	3.7	5.9	2.7	4.2	4.5	4.4
Overall balance of payments (percent of GDP)	0.5	0.4	-2.1	-2.6	-2.2	-0.9	-0.5	0.3
Current account balance, including official transfers (percent of GDP)	1.6	1.0	-2.5	-3.5	-3.2	-3.2	-3.2	-3.4
Terms of trade	-13.0	10.9	-7.2	-3.4	-0.2	1.1	1.4	1.4
External debt (percent of GDP)[4]	16.7	17.2	17.9	20.2	22.1	21.7	21.4	20.9
NPV of external debt (percent of exports of goods and services)	43.5	45.2	50.2	56.4	60.4	59.2	58.6	58.0
	(Percent of non-oil GDP, unless otherwise indicated)							
Government Finance								
Revenue and grants	19.1	20.2	21.2	18.8	19.3	19.3	19.2	19.4
Of which : oil revenue	11.5	9.3	8.6	6.0	6.1	6.3	6.0	5.9
Of which : non-oil revenue	6.9	8.7	9.4	9.3	9.6	9.7	9.8	10.0
Expenditure	20.9	22.7	22.7	21.6	21.8	20.6	20.1	20.1
Current	13.9	14.1	13.9	12.8	12.4	12.1	11.8	11.6
Capital	7.0	8.6	8.8	8.8	9.5	8.5	8.4	8.4
Non-oil primary balance (commitment basis, excl. grants)[5]	-11.5	-9.7	-6.8	-6.2	-5.6	-5.2	-4.8	-4.6
CEMAC reference overall balance (in percent of GDP)[6]	-4.5	-3.0	-1.4	-1.2	-2.2	-1.9	-1.8	-1.5
Overall fiscal balance (incl. grants, commitments basis)	-1.8	-2.5	-1.5	-2.9	-2.6	-1.3	-0.9	-0.6
Total debt (in percent of GDP)[4]	32.3	32.8	33.0	34.2	34.7	33.3	32.0	31.3
Of which : domestic debt	15.6	15.6	15.1	14.0	12.6	11.6	10.6	10.4
Memorandum items:								
Nominal GDP (billions of CFA francs)	11,303	12,025	12,452	13,089	13,788	14,576	15,452	16,383
Of which: non-oil GDP	9,232	9,969	10,748	11,442	12,100	12,804	13,613	14,497
Nominal GDP (billions of US$)	18.6	19.8	20.4	21.6	22.7	24.0	25.5	27.0

Sources: Chadian authorities; and IMF staff estimates and projections.

[1]WEO projections for Brent crude oil price.

[2]Chadian oil price is Brent price minus quality discount.

[3]Changes as a percent of broad money stock at the beginning of period.

[4]Central government, including government-guaranteed debt.

[5]Total revenue excluding grants and oil revenue, minus total expenditure excluding net interest payments and foreign-financed investment.

[6]The reference fiscal balance (i.e. the overall budget balance minus 20 percent of oil revenue and minus 80 percent of the oil revenue in excess of the average observed during the 3 previous years) is a CEMAC convergence criteria and must exceed -1.5 percent of GDP.

INTERNATIONAL MONETARY FUND

CHAD

June 26, 2025

REQUEST FOR A FOUR-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY

EXECUTIVE SUMMARY

Context. Chad continues to face significant humanitarian, climate, and security shocks, in a context where oil revenues and official development aid are at risk. Following the expiration of the former Extended Credit Facility (ECF) in June 2024 and the closing of the political transition in February 2025, the authorities have requested a new arrangement under the ECF to address the country's protracted balance of payments needs and support their reform efforts to achieve macroeconomic stability and high and inclusive growth. Given inherent fragilities and heightened regional and global uncertainty, the authorities see a new Fund-supported program as a policy anchor and as a catalyst. They are committed to prudent management of public finances and to lift development outcomes and spur diversification.

Program modalities and policies. The proposed economic program to be supported by the new ECF arrangement would draw from the government's priorities. The new ECF-supported program will be based on three pillars: first, it will aim at supporting an increase in non-oil revenues, through tax administration and tax policy reforms, and a streamlining of current spending to ensure sustainable fiscal policy and create fiscal space for social spending and key development projects. Second, the program aims to support the authorities' inclusion objectives through the development of a well-targeted and adequate social safety net. Third, the program will aim at improving governance and the business climate. The authorities requested a 48-month arrangement to meet about 30 percent of the external financing gap, which is estimated at about US$2 billion (or 9.1 percent of GDP). Consistent with these parameters, access is proposed at SDR 455.65 million, 325 percent of quota (or about US$640 million).

Outlook and Risks. The outlook remains positive, albeit with significant uncertainty. Key risks to the outlook include a possible deterioration in regional conflicts, natural disasters, delays in the implementation of reforms, shortfalls in donor financing, and oil shocks. On the upside, sustained oil price increases or more rapid domestic revenue growth could help finance the government's budget and allow significant implementation of the National Development Plan (NDP), with positive effects on investment, growth, and social outcomes.

Approved By
Vitaliy Kramarenko (AFR) and Koshy Mathai (SPR)

An IMF team comprising Mr. Reynaud (Head), Mr. Retana de la Peza, Mr. Tucker, Ms. Lehmann (all AFR), Mr. Mikhael and Ms. Ibrahim (both AFR – joined virtually), Mr. Marsilli, Mr. Tessema (both SPR), Mr. Nauerz (FAD), Ms. Viseth (Resident Representative), and Mr. Topeur (Local Economist) held discussions with the authorities in N'Djamena during May 4-17, 2025. Mr. Bangrim Kibassim (OED) participated in the mission.

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APPENDIX

CONTEXT

1. **Chad is a fragile state facing daunting economic development challenges.** Chad lags behind peer countries in a range of development indicators, ranking 190th out of 193 on the 2023 Human Development Index and scoring among the last two countries on the 2020 World Bank's Human Capital Index. Chad scored 158th out of 180 on the 2024 Transparency International Corruption Perception Index, showing a slight improvement. Progresses made in early 2000s in health, education, and poverty reduction have stalled since the oil price shock in 2014-15 and the confluence of external and domestic shocks since then.

2. **The humanitarian crisis along the border with Sudan is unprecedented, in a global context where official development aid (ODA) is uncertain.** According to the latest figures from the UN agencies, an additional 280,000 refugees have crossed the border since the beginning of the year, bringing the total number of Sudanese refugees and returning Chadians to around 1.3 million. UNHCR anticipates that an additional 200,000 refugees could cross the border this year following renewed clashes in and around El Fasher. The agency estimates the cost of humanitarian needs at US$700 million this year, of which only 10 percent is expected to be funded, compared to 30 percent last year.

3. **Following a period of political transition, the new authorities are looking to implement an ambitious reform plan.** Recent senatorial elections in February 2025 marked the end of the four-year long political transition. The newly elected government approved its National Development Plan (NDP) for the period 2025-2030 (Chad Connection 2030) in a Cabinet meeting on May 29, 2025. The NDP aims at improving the well-being of the population by focusing on broadening access to public services, strengthening governance and the business environment, and implementing reforms in critical sectors (electricity, transport, education, health, etc.).

4. **However, peace in a difficult sub-regional and global context has a fiscal cost.** During the transition period in 2023, the 2021 ECF-supported program went off-track as the authorities were maneuvering a difficult political process in a context of multiple unprecedented shocks. These factors necessitated an increase in spending, leading to larger fiscal deficits. Progress on structural benchmarks was mixed.

5. **Overall, the engagement with the Fund has been challenging over the last decade, with the expiration of the last three Fund-supported programs** (see Ex-Post Peer Reviewed Assessment in Annex I). Program implementation unfolded against major external shocks, impacting performance: the 2014-17 arrangement faced the oil-price collapse, the 2017-20 program navigated the onset of COVID-19, and the 2021-24 program grappled with regional spillovers and a complex political transition. Nevertheless, each arrangement anchored macroeconomic stability—supporting more prudent fiscal policies, contributing to external sustainability, and enabling three successive debt operations (Heavily Indebted Poor Countries Initiative (HIPC) completion in 2015, the 2018 commercial restructuring, and the 2022 G20 Common Framework agreement) that eased medium-term debt pressures. Important advances were also made in public financial-management,

oil-revenue transparency, and arrears clearance. At the same time, about one-fifth of structural benchmarks and several performance criteria (PCs), most frequently on the accumulation of external and internal arrears, were not met, and progress on spurring higher GDP growth as well as reducing poverty was limited. These experiences underscore the following key lessons for future program design and implementation:

i. embed flexibility and contingency planning in program design given the frequency and size of external shocks;

ii. tailor structural conditionality to administrative capacity and support implementation with targeted technical assistance;

iii. enhance ownership by adequately structuring incentives and aligning with domestic reform programs;

iv. address debt vulnerabilities early and decisively;

v. strengthen, protect, and better target social spending to bolster support for reforms;

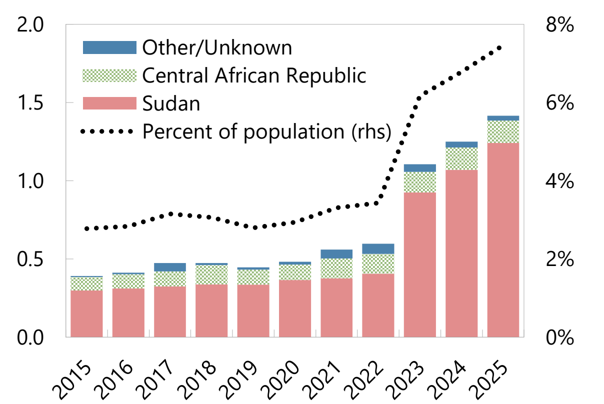
vi. deepen governance and anti-corruption measures to maintain policy credibility and ownership, and

vii. the possibility to build a track record outside program engagement, such as the authorities' commitments in the context of the 2024 Article IV discussions.

6. The authorities have requested a new arrangement under the ECF to address the country's protracted balance of payments needs and support their reform efforts. Given repeated external shocks, very limited financing options, and heightened regional and global risks, the authorities see a new Fund-supported program as a policy anchor and as a catalyst to finance their NDP.

Text Figure 1. Chad: Refugee Population

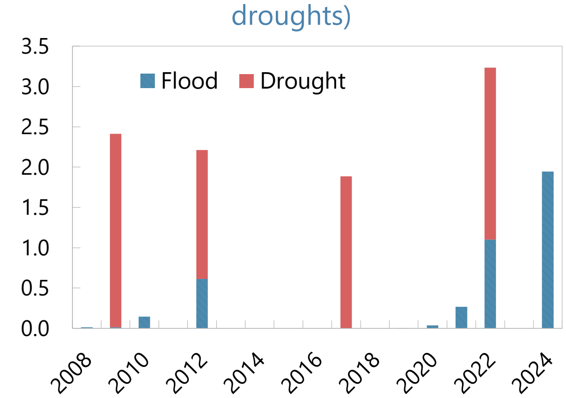
(Millions of people by origin)



Source: UNHCR and IMF staff calculations.

Text Figure 2. Chad: Natural Disasters

(Millions of people affected by floods or droughts)



Source: EM-DAT.

RECENT ECONOMIC DEVELOPMENTS, OUTLOOK, AND RISKS

A. Recent Economic Developments

7. Economic activity is expected to have remained robust in 2024 while inflation increased. Real GDP is estimated to have grown by 3.5 percent in 2024, supported by strong agricultural harvests, despite widespread flooding and a pest outbreak which affected cotton production. Strong growth in the services sector also contributed positively to economic activity. A fall in oil extraction weighed on overall GDP growth, although the contraction was less severe than previously expected as technical issues that affected output early in 2024 were resolved, such that production recovered towards the end of the year. The latest GDP estimates incorporate artisanal gold mining activity, now that the authorities collect exports statistics, which also contributed positively to GDP growth (see Annex II). Inflation increased to 5.1 percent in 2024, reflecting higher food inflation of 8.1 percent, in part due to global factors, to floods around the lake Chad region, and to the influx of Sudanese refugees in the Eastern provinces.

8. The authorities' fiscal consolidation efforts started in 2024, narrowing the deficit despite humanitarian and climate shocks, and accelerated in the first quarter of 2025. The non-oil primary deficit (NOPD) shrank by 1.8 percent of non-oil GDP in 2024 yet remained 1.9 percent of non-oil GDP above projections from the recent Article IV consultation. This is primarily attributable to non-oil revenue underperformance—on account of lower-than-expected SOE dividends (0.3 percent of non-oil GDP) and telecommunication license sales (0.2 percent of non-oil GDP)—and exceptional spending pressures from the humanitarian crisis (0.4 percent of non-oil GDP), historical floods (0.5 percent of non-oil GDP), and the electoral cycle of the political transition. Fiscal consolidation gained momentum in Q1 2025. The NOPD was 1.1 percent of non-oil GDP, 0.8 percent of non-oil GDP below projections, as non-oil revenues exceeded expectations by 0.1 percent of non-oil GDP and domestically financed primary spending was 0.7 percent below projections. While budget execution for wages and goods and services met expectations, spending on transfers and domestically financed investment fell short by 0.2 and 0.4 percent of non-oil GDP, respectively, partly on account of liquidity constraints.

9. Structural fiscal reforms have continued to proceed over the past 18 months. Notable developments include:

- On **tax administration**, the authorities have made progress on in implementing their medium-term strategy focused on digitalization and capacity building to enhance efficiency in the collection of non-oil corporate income taxes and the VAT. Notable advancements include: (i) the launch of the e-tax platform, which allows for online declaration and payment of corporate taxes, as well as the initiation of e-invoicing and e-reporting for VAT; (ii) the introduction of a small taxpayer management application (SYGUAR); (iii) the rollout of a standardized e-invoicing application (FEN); (iv) e-payment of customs taxes starting in 2024; and (v) the establishment of a data-sharing platform between the tax and customs administrations. Additionally, tax exemptions are no longer automatically renewed, and the authority to grant exemptions has been centralized within the Ministry of Finance.

- On the **digitalization of public financial management**, the deployment and expansion of the Integrated Financial Management and Information System (IFMIS, called SIGFiP) continues across the provinces, although full interconnection and expansion to cover all general government units are still pending.

- On the **governance and oversight of state companies,** new laws have been ratified. With IMF technical assistance support, an action plan to implement these laws has been defined.

- On **spending controls**, the use of pre-authorized spending procedures (DAOs), which hampers spending controls, has started to decline following the adoption of a presidential decree aimed at limiting their use, although it remains at a high level. However, the wage bill has continued to grow over the years, and progress on some other recommended reforms has been slow.

- On **public investment management and public procurement**, there has been limited progress in addressing the weaknesses identified by the 2022 Public Investment Management Assessment (PIMA). Moreover, there has been no progress in publishing central government procurement contracts, including information on awarded companies and beneficial owners.

Text Table 1. Chad: Fiscal Performance 2023-Q1 2025

(Percent of non-oil GDP)

	2023	2024		Q1 2025	
	Act.	Article IV	Prel.	Proj.	Prel.
Total revenue and grants	**19.1**	**21.1**	**20.2**	**4.3**	**4.0**
Revenue	18.5	19.1	18.0	3.7	3.6
Oil[1]	11.5	9.7	9.3	1.9	1.7
Non-oil	6.9	9.4	8.7	1.8	1.9
o/w SOE dividends	0.0	0.5	0.2	0.0	0.0
o/w Sale of telecoms licenses	0.0	0.9	0.7	0.0	0.0
Grants	0.6	2.0	2.1	0.6	0.4
Expenditure	**20.9**	**21.2**	**22.7**	**4.8**	**3.8**
Current	13.9	13.6	14.1	3.2	2.8
Wages and salaries	6.3	6.4	6.5	1.5	1.5
Goods and services	1.7	2.4	2.2	0.5	0.5
Transfers and subsidies	4.5	3.4	3.9	0.8	0.6
o/w Response to humanitarian shocks[2]	0.0	0.3	0.7	0.0	0.0
Interest	1.4	1.5	1.5	0.4	0.2
Investment	7.0	7.6	8.6	1.6	1.0
Domestically financed	5.9	5.1	5.7	0.8	0.4
o/w Response to climate shocks[2]	0.0	0.0	0.5	0.0	0.0
Foreign financed	1.2	2.5	2.9	0.7	0.6
Overall balance (incl. grants, commitment)	**-1.8**	**-0.1**	**-2.5**	**-0.5**	**0.2**
Reference overall balance (CEMAC convergence criterion)	**-4.5**	**-1.6**	**-3.0**	**0.0**	**0.0**
Non-oil primary balance (excl. grants, commitment)[3]	**-11.5**	**-7.8**	**-9.7**	**-1.9**	**-1.1**
Memorandum items:					
Humanitarian and floods response		0.3	1.2		
Non-oil GDP[4]	9,232	9,969	9,969	10,748	10,748

Sources: Chadian authorities; and IMF staff estimates and projections.

[1] Net of cash calls and transportation costs linked to the oil public enterprise (SHT) participation in private oil companies.

[2] Preliminary staff estimates, while awaiting further information from the authorities

[3] Total revenue, less grants and oil revenue, minus total expenditures, less interest payments and foreign financed investment.

[4] To enable comparison, and given a significant downwards revision of actual 2023 nominal GDP by the authorities, the Article IV non-oil GDP is assumed to be equal to the preliminary estimates.

10. The authorities relied on UAE budget financing in 2024 and returned to the regional market in Q1 2025, as regional financing conditions eased. The authorities relied primarily on a concessional loan from the Abu Dhabi Fund for Development[1] (US$500 million or 2.5 percent of GDP) and a direct sale of treasury securities of CFAF 50 billion (US$83 million, or 0.4 percent of GDP) to Afreximbank to finance the budget in 2024, on account of difficulties to issue debt in the regional market in the second half of 2024. Improved regional financing conditions in Q1 2025 allowed the government to raise CFAF 68 billion (US$112 million, 0.5 percent of GDP) through T-bond sales by end-March at yields slightly below the 10 percent average seen in 2024.

11. The current account surplus narrowed in 2024 but still helped sustain reserve accumulation. Chad's current account surplus narrowed in 2024, reflecting lower oil revenues due to falling global prices, which was partly offset by growing gold exports[2], and resilient imports, which remained strong as development projects accelerated. Nonetheless, the still-positive current account, together with a rebound in the financial account driven by renewed external support, helped sustain Chad's contribution to the regional buildup of foreign exchange reserves. The external sector assessment concludes that Chad's external position is broadly in line with the levels implied by fundamentals and desirable policies in 2024. Reflecting the evolution of the euro, the CFA franc has been quite volatile since mid-2024, weakening in the second half of 2024 before rebounding strongly in 2025.

12. The authorities made progress in addressing longstanding weaknesses in the two undercapitalized systemic public banks. For one bank, debt offset agreements with the government totaling CFAF 76 billion (US$125 million, 0.6 percent of GDP), primarily funded through retained past tax receipts of CFAF 68 billion (US$112 million, 0.5 percent of GDP), are expected to reduce non-performing loans and recapitalization needs. The bank is finalizing its restructuring plan for submission to the Central African Banking Commission (COBAC) following the appointment of a new executive board. Meanwhile, the second systemic public bank is revising its restructuring plan after receiving COBAC feedback. The cost of recapitalization for the government is estimated at around CFAF 7.5 billion per bank, with execution now envisaged in 2026. Additionally, the authorities reached agreements to divest from the two smaller public banks, subject to COBAC's review. These efforts are expected to support the stabilization of the banking sector, which showed modest signs of improvement at end-2024. While still only five out of ten banks adhere to the regulatory capital adequacy ratio, the number of banks covering the other prudential ratios increased compared to end-2023, and reliance on Central Bank (BEAC) refinancing declined by about 30 percent.

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[1] The loan was a tranche of a multi-year US$1.5 billion budget support financing agreed with the UAE under an MoU signed in 2023, of which US$150 million were disbursed in 2023.

[2] In the absence of consistent balance of payments data, staff applied the same methodological approach used for GDP estimates (see Annex II) to incorporate artisanal gold mining into the external accounts, adjusting exports, imports (as a share of gold proceeds is assumed to finance informal imports), and other investments flows (as the main financial counterpart).

B. Outlook and Risks

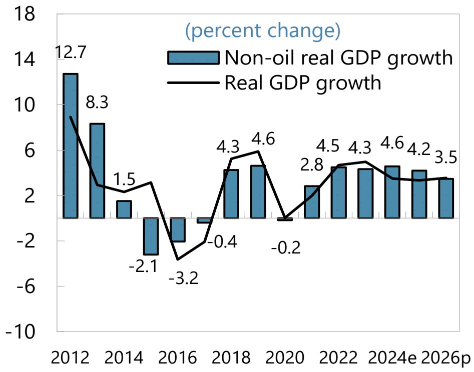
13. The outlook remains positive, albeit with significant risks. GDP is expected to grow by 3.3 percent in 2025, with high-frequency indicators pointing to strong growth in the livestock, agricultural, and service industries, as well as in artisanal mining as high gold prices encourage additional extraction. Construction growth is expected to be close to 7 percent, reflecting planned public investment projects. Total non-oil output is projected to grow by 4.2 percent in 2025, while a modest fall in oil extraction would weigh on overall GDP growth. Robust economic growth is expected to put upward pressure on CPI inflation in 2025, although an easing of food price inflation relative to 2024 means that CPI inflation would fall back to 4 percent. Beyond 2025, non-oil output is expected to grow by 3.5 percent in 2026 and 2027, as global headwinds, including weaker world trade growth as well as lower public spending due to lower fiscal revenues from the oil sector, are expected to affect wider economic activity (see Annex VI). Non-oil GDP growth is expected to pick up thereafter, reflecting increasing productivity as a result of the structural reforms envisaged under the ECF-supported program and the government's National Development Plan. Inflation is expected to decline gradually to 3 percent by 2028.

14. While oil extraction in Chad is expected to expand over the medium term, lower oil prices will lead to lower fiscal revenues. Oil production is expected to fall by 0.7 percent in 2025, after falling by 1.2 percent in 2024, driven by technical issues following the nationalization of an operator's assets in 2023 and gradually declining output from maturing oil fields. However, significant capital expenditure projects to develop new fields are expected to boost investments to 3.4 percent of GDP in 2025 and 4.7 percent in 2027, up from 1.7 percent in 2024, and increase production by more than 12 percent between 2026 and 2029 as these fields come on stream. Despite increasing extraction, lower oil prices are projected to decrease oil revenues from 9.3 percent of non-oil GDP in 2024 to 8.6 percent in 2025, stabilizing around 6 percent in the medium term. These projections and future extraction activities will depend on the extent of exploration and new discoveries, which could be affected by international oil prices.

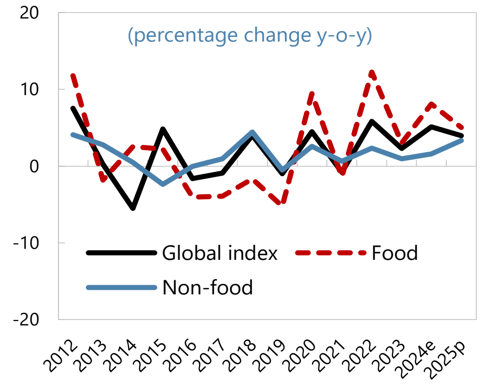
15. The Debt Sustainability Analysis concludes that debt remains sustainable in the program-based baseline, although the risk of debt distress remains high given the substantial financing constraints and risks. Key concerns include the high dependency on oil sector revenues, which are vulnerable to external price shocks, and the reliance on external financing, which is subject to geopolitical risks and potential further reductions in ODA. Until the authorities effectively build the necessary buffers to absorb potential adverse shocks, as part of the proposed program, judgement will be applied to continue assessing the risk of external debt distress as high.

Text Figure 3. Chad: Recent Economic Developments, 2012–26

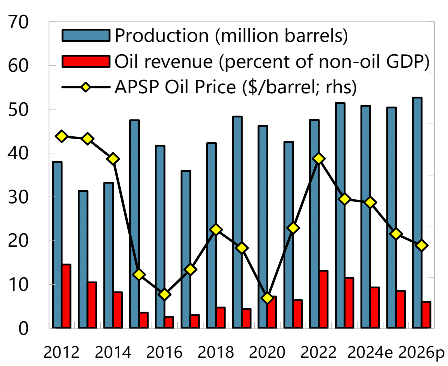
Non-oil GDP growth is expected to moderate to 3.5 percent in 2026...



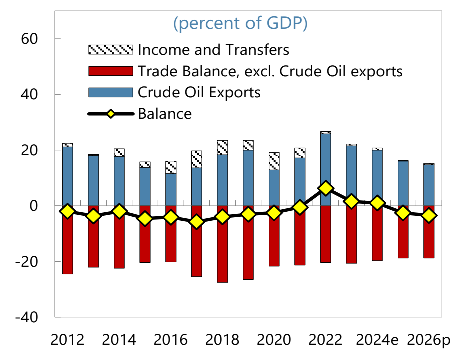
... while CPI inflation is expected to decrease in 2025.



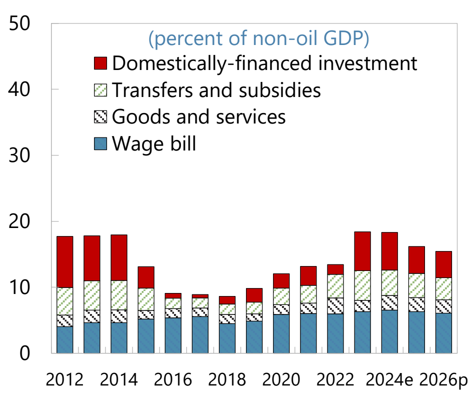
Oil production is expected to rebound in 2026 after a decline in 2024 and 2025...



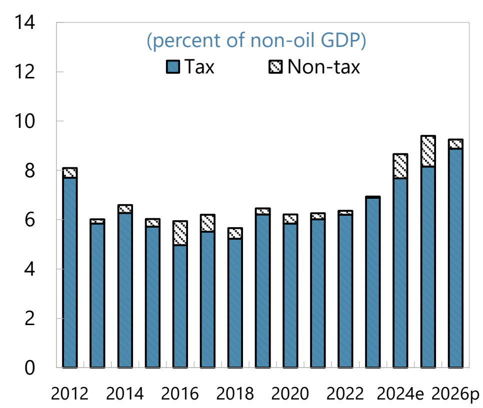
... but the current account is anticipated to stay in a small deficit as imports rise alongside increasing investment.



With the political transition concluded, public spending is expected to gradually decrease...



... which, combined with higher non-oil revenue, should lead to a gradual decline of the non-oil primary deficit.



Source: Chadian authorities and IMF staff calculations.

16. Risks remain tilted to the downside, notably:

- Intensified conflict in Sudan has increased refugee inflows which could heighten social tensions and food prices and weigh on public finances.

- A further significant drop in oil prices could hinder economic activity and limit fiscal space for investments and social spending, and potentially open additional financing needs.
- Renewed tensions in the regional treasury securities market could worsen financing conditions for Economic and Monetary Community of Central Africa (CEMAC) members, which together with volatile external financing sources could lead to liquidity stress by year's end.
- Security incidents could destabilize the Lake Chad region, affecting agriculture and displace people.
- More frequent and severe climate events, such as droughts and floods, could impact agricultural production and livelihoods.
- Delays in expanding access to education, health, energy, and water services could fuel social tensions. Slow fiscal consolidation and structural reforms could derail the economy from program objectives, resulting in suboptimal growth.
- A decline in humanitarian aid could impact food security and cause social unrest.[3]
- On the upside, sustained oil price increases or more rapid domestic revenue growth could help finance the government's budget and allow strong implementation of the NDP, with positive effects of investment, growth, and social outcomes.

PROGRAM OBJECTIVES AND POLICIES

The ECF arrangement will aim to support the authorities' implementation of policy reforms under their 2025-2030 National Development Plan (NDP) in line with the program goals based on three main pillars. First, it will aim at ensuring sustainable fiscal policy and creating fiscal space to finance key development projects. Second, the program aims to support the authorities' objectives of inclusion, including an increase in targeted social spending to lift development outcomes. Third, the program will support improvement in governance and business climate.

17. The proposed economic program will provide a policy anchor in a challenging and uncertain environment. The authorities' NDP is expected to focus on four key areas: (i)

[3] Publicly available data from USAID show that the institution disbursed US$148.8 million from September 2023 to October 2024, almost exclusively in humanitarian support to the Eastern provinces. According to the latest information from US Congress Hearings in April 2025, USAID humanitarian funding for 2025 has been confirmed for US$ 123.6 million, however a large share of funding from 2026 onwards is likely at risk. Overall, official development assistance (ODA) disbursements to Chad have increased over the past years, rising from 4.2 percent of GDP in 2015 to 6.2 percent in 2023. The authorities estimate that 2.4 million people are being affected by high food insecurity, for a total cost (emergency food kits, child malnutrition prevention, food in kind, and support to agriculture) of CFAF 254 billion (US$422 million) this year. In a crisis scenario, developed by the authorities, in which no further actions are taken in 2025, an additional 1 million people (leading to a total of 3.4 million people, 18 percent of the population) could fall in a severe food crisis, increasing the cost of intervention by about 15 percent to CFAF291 billion this year (US$483 million).

infrastructure development, (ii) social policy and essential public services, (iii) economic and industrial development, and (iv) business climate improvement. The proposed Fund-supported program will closely align with these priorities through its three pillars. Additionally, the program will help meet the balance of payments financing needs at a time when Chad is facing substantial financing pressures from more volatile and lower oil prices, unprecedented refugees and food security crises in the context of diminishing donor support, and a continued funding squeeze. It will also contribute to reducing debt vulnerabilities, in line with the new Poverty Reduction and Growth Trust (PRGT) Strengthened Policy Safeguards framework[4] (see Annex III). Finally, the program objectives are also aligned with the Country Engagement Strategy (CES), specifically by supporting fiscal consolidation, financial sector policies, governance improvements, and human capital development, and incorporate lessons learned from past programs (see Ex-Post Peer Reviewed Assessment in Annex I).

18. The proposed program is embedded in the coordinated regional approach for CEMAC. Fund-supported arrangements in the region have common denominators of fiscal consolidation, improvement in governance indicators, enhancing social safety nets, fiscal transparency, and economic diversification. The communiqué from the Heads of State of December 2024 embedded a commitment for continuing fiscal consolidation through bilateral discussions with technical and financial partners, as well as to regularly produce and disseminate reliable and comprehensive fiscal, economic, and financial data needed for multilateral surveillance, monetary policy, and external sector policies. It reiterated the commitment of States to the independence and capacity building of the BEAC and the COBAC.

A. Fiscal Policy and Reforms

The program aims to anchor fiscal policy towards a return to the regional fiscal deficit criteria[5], while creating fiscal space for enhanced social safety nets and critical development projects. These objectives will be supported by substantial fiscal reforms in public financial management (PFM), tax administration, tax policy, and the containment of current spending, with a focus on the wage bill.

19. Fiscal policy will focus on long-term sustainability while creating fiscal space for essential social and investment spending, crucial for achieving resilient and inclusive growth and lifting development outcomes. The authorities are focused on implementing their reform plans, underpinned by a sound medium-term fiscal framework that balances fiscal prudence with development spending. They will aim to keep the non-oil primary deficit (NOPD) below 5 percent of non-oil GDP. This should facilitate a return to the regional deficit criterion of 1.5 percent of GDP over

[4] Following the 2024 review of the PRGT, the strengthened policy safeguards 3 applies to this program request, because it triggers the flow and stock access thresholds, and the debt distress risk is assessed as high (see link).

[5] The reference fiscal deficit (i.e., the overall budget balance minus 20 percent of oil revenue and minus 80 percent of oil revenue in excess of the average observed during the 3 previous years) is a CEMAC convergence criterion and must not exceed -1.5 percent of GDP.

the medium term and will keep debt below 33 percent of GDP (Quantitative Performance Criterion (QPC))[6].

20. The authorities' fiscal plan for 2025 is consistent with this fiscal path. The implementation of revenue and spending measures outlined in the 2025 budget and those supported by the proposed program are expected to reduce the NOPD to 6.8 percent of non-oil GDP in 2025, from 9.7 percent of non-oil GDP in 2024. Non-oil revenues are anticipated to rise by 0.8 percent of non-oil GDP through a mix of tax policy measures (0.3 percent of non-oil GDP), continued tax administration reforms (0.3 percent of non-oil GDP), and one-off recoveries of past tax receipts (see paragraph 11). Domestically financed primary spending is projected to decrease by 2.1 percent of non-oil GDP, driven by the phase-out of emergency capital spending for flood defenses (0.7 percent of non-oil GDP), the non-recurrence of election-related spending (0.3 percent of non-oil GDP), a reduction in domestically financed investment (1 percent of non-oil GDP) – to be more than offset by a more sustainably-funded 2.8 percent of non-oil GDP in externally financed investment –, and measures to control the wage bill (0.2 percent of non-oil GDP).

21. Consistent with this framework, the program will support gradual fiscal consolidation while ensuring that increased fiscal space is directed toward development spending, and the budget is ringfenced from oil price shocks. Staff recommends a fiscal adjustment of about 4.6 percent of non-oil GDP (net of one-offs) over the program period through a gradual increase in non-oil of revenues of 1.8 percent of non-oil GDP and a streamlining of non-priority spending of 2.8 percent of non-oil GDP. To effectively channel the additional fiscal space to finance the authorities' development priorities, the program will also support reforms to strengthen PFM, fiscal planning, and budget transparency. Finally, to mitigate the risks posed by oil price shocks, the program will support measures to enhance contingency planning.

Mobilizing Non-Oil Revenues

22. Revenue mobilization efforts are critical to providing fiscal space for development spending.

- **Tax policy:** Non-oil tax revenue collection in Chad is among the lowest in the region. Ensuring higher non-oil revenues (Prior Action, Structural Benchmark and Quantitative Performance Criteria) is key to lower the dependance on oil revenues, reduce the procyclicality of fiscal policy, and create fiscal space. To achieve this:

    i. The authorities will **increase export and import duties on certain products**, other than essential goods and nontaxed products (details in the Memorandum of Economic and Financial Policies (MEFP), ¶18), and on antimony, unprocessed copper, and electric engines (Prior Action and MEFP ¶18), yielding an estimated total of 0.4 percent of non-oil GDP over the program period (see Text Table 2).

[6] See IMF (2024), *Chad: Selected Issues*, Country Report 24/336.

ii. The ECF arrangement will support **targeted tax increases**, including (i) tax other tobacco and tobacco substitutes (shisha) and on cosmetic products with hydroquinone (detailed in the MEFP ¶18), and (ii) update taxable values for the import of agricultural products, milk, luxury goods, and some products harmful to health (Structural Benchmark and MEFP ¶18), yielding an estimated total of 0.6 percent of non-oil GDP over the program period, (see Text Table 2).

iii. **Tax exemptions** will be reviewed and streamlined. The authorities have committed to publish a table with all tax incentives granted, including renewals and extensions, indicating the relevant legal provisions, starting from 2026 (Periodic Structural Benchmark). This will provide a more transparent framework, allowing for better monitoring and evaluation of their effectiveness and, ultimately, the development of a plan to contain new exemptions and rationalize existing ones (MEFP ¶18).

iv. The authorities are committed to **broadening the excise tax base** to capture goods and services such as luxury goods, plastics, and fossil fuel products (MEFP ¶18).

- **Revenue administration**: The program will support tax administration measures, focused primarily on digitalization, which are expected to yield 0.8 percent of non-oil GDP over the program horizon (see Text Table 2).

i. **Digital tax payments** are an effective way to secure revenues, while allowing desk audits to improve tax compliance. Therefore, the new ECF arrangement will support the authorities' implementation of e-payment of taxes, fees, and direct and indirect duties through banks and mobile telephone operators (Prior Action) and close and suspend the opening of customs offices and posts that are not equipped with an e-payment system and the Automated System for Customs Data (ASYCUDA) (Prior Action).

ii. With continued technical assistance from the IMF, the program intends to advance on key **VAT reforms**, including through VAT e-invoicing (MEFP ¶19). Furthermore, the General Inspectorate of Finance (IGF) will audit VAT credit stocks, secure agreement to clear the VAT credits validated by the audit and enhance the VAT refund mechanism (Structural Benchmark).

iii. The implementation of the **standardized electronic invoicing** (FEN) across the public sector will improve expenditure control, support the formalization of public contractors, and lay the foundation for the launch of risk-based desk audits (Structural Benchmark).

iv. The authorities will further advance digitalization through improvements in coverage of **taxpayer identification** (via the national identification program, paragraph 27), an update of the tax legislation to define the role and duties of digital taxpayers and tax administrations, and the **implementation of a computerized interface** (API) between the tax division, the customs division, and mobile companies (MEFP ¶19).

v. Establishing the N'Djamena Pilot Center for Online Tax Services (a **one-stop-shop for taxpayers**) and the subsequent evaluation and generalization, in line with recent IMF technical assistance, will significantly reduce the administrative costs for taxpayers and foster tax compliance (MEFP ¶19).

Text Table 2. Chad: Select Fiscal Balances, 2025–29

(In percent of non-oil GDP, unless indicated otherwise)

	2025	2026	2027	2028	2029	Total 2025-2029	Total 2025-2029 (Excl. One-offs)
Non-oil revenue	**0.73**	**-0.14**	**0.30**	**0.16**	**0.11**	**1.17**	**1.79**
Tax administration reforms	0.27	0.28	0.14	0.05	0.05	0.79	0.79
o/w E-payment of taxes, fees and duties	0.14	0.10	0.00	0.00	0.00	0.24	0.24
o/w VAT reimbursement mechanism	0.00	0.00	0.05	0.05	0.05	0.15	0.15
o/w Withholding customs tax for unregistered taxpayers	0.13	0.11	0.00	0.00	0.00	0.24	0.24
o/w Standard electronic invoicing across the public sector	0.00	0.07	0.09	0.00	0.00	0.16	0.16
Tax policy measures	0.25	0.42	0.16	0.11	0.06	1.00	1.00
o/w New export and import duties on non-essential goods	0.25	0.12	0.00	0.00	0.00	0.37	0.37
o/w Taxes on tobacco and cosmetic products	0.00	0.15	0.06	0.05	0.02	0.28	0.28
o/w New taxable values on imports of agricultural products	0.00	0.15	0.10	0.06	0.04	0.35	0.35
Other (incl. one-offs)	0.22	-0.85	0.00	0.00	0.00	-0.63	0.00
Domestically financed primary expenditure	**-2.16**	**-0.72**	**-0.28**	**-0.27**	**-0.28**	**-3.70**	**-2.77**
Wages and salaries	-0.24	-0.25	-0.14	-0.14	-0.14	-0.91	-0.91
o/w Suspension of new non-priority hires	-0.24	-0.10	0.00	0.00	0.00	-0.34	-0.34
o/w Limiting allowances and promotions to budget ceilings	0.00	-0.15	-0.10	-0.10	-0.10	-0.45	-0.45
o/w Removal of ghost workers from payroll	0.00	0.00	-0.04	-0.04	-0.04	-0.12	-0.12
Goods and services	-0.08	-0.06	-0.05	-0.05	-0.06	-0.30	-0.30
Transfers and subsidies	-0.24	-0.30	-0.17	0.04	-0.07	-0.74	-0.46
o/w Phasing out election spending	-0.28	0.00	0.00	0.00	0.00	-0.28	0.00
o/w Streamlining taxes transferred to autonomous public entities	0.00	-0.10	-0.11	-0.05	-0.03	-0.29	-0.29
Domestically financed investment	-1.61	-0.11	0.08	-0.11	0.00	-1.75	-1.10
o/w Phasing out floods-related spending	-0.65	0.00	0.00	0.00	0.00	-0.65	0.00
Non-oil primary balance change	**2.90**	**0.58**	**0.58**	**0.42**	**0.39**	**4.87**	**4.56**
Memorandum items:							
Non-oil primary balance	-6.8	-6.2	-5.6	-5.2	-4.8		
Reference overall balance (in percent of GDP)	-1.4	-1.2	-2.2	-1.9	-1.8		
Total public debt (in percent of GDP)	33.0	34.2	34.7	33.3	32.0		

Sources: Chadian authorities; and IMF staff estimates and projections.

Streamlining Non-Priority Spending

23. Curbing non-priority spending will also contribute to creating more fiscal space for pressing social and development needs.

- **Wage bill**: The wage bill reached 6.5 percent of non-oil GDP in 2024, compared to 4.5 percent of non-oil GDP in 2018. This increase was largely driven by changes in the average compensation, new military recruitments, and the reinstatement of civil servant benefits that were removed in 2016. The new ECF arrangement aims to foster more sustainable wage bill spending (QPC) while ensuring that essential recruitments in priority sectors, such as health, education, and security, are not constrained (details in the MEFP ¶21). Measures supported by the program are expected to yield 0.9 percent of non-oil GDP over the program horizon (see Text Table 2). These measures are:

  i. Through an exchange of letters of the Minister of Finance with the Minister of Civil Service the authorities will (i) **suspend new hires in non-priority sectors**, beyond the commitments made in the 2025 budget law, until the end of 2026, as well as (ii) **suspend interministerial civil service transfers**, except in cases of agents joining the education, higher education, or health ministries to work as teaching and health care provider; and (iii) **limiting numeric replacements** (*remplacement numérique*) to cases with the submission of deletion (*radiation*) acts, and death and retirement certificates (Prior Action).

ii. To ensure compliance, the General Inspectorate of Finance (IGF) will **conduct audits of the budgetary implementation of these measures** in 2026 and 2027 (Structural Benchmarks).

iii. Following the completion of the report of the National Commission on the Biometric Census of Civil Servants, the authorities will ensure that all "**ghost workers" are removed from the payroll** (Structural Benchmark).

iv. The authorities will publish yearly monitoring tables of automatic adjustments to remunerations in the annual budget law in view of **ensuring the awarding of allowances and promotions done within defined budget ceilings**, starting with the 2026 budget law (Structural Benchmark).

v. The authorities plan to start **consultations on a reform of the public sector** to ensure hiring of the most competent staff (e.g., through a national competition/exam) (MEFP ¶21).

vi. Given the importance of containing wage bill spending for the success of the program, the authorities and staff will closely monitor monthly wage bill execution data. Any early indication of slippages will trigger a discussion on additional new measures to be included in program conditionality for the upcoming review (MEFP ¶21).

- **Transfers and subsidies**: A growing share of revenues are being automatically transferred to independent and decentralized public entities with limited oversight and accountability. These transfers doubled from 2.1 percent of total revenues in 2022 to 4.2 percent of revenues in 2024. While this is largely on account of increased transfers to provincial and local governments as part of ongoing decentralization efforts, they represent not only a significant fiscal burden at a time of highly constrained fiscal space, but also a resource leakage risk, warranting a review. The program will support a review of these transfers and the preparation and implementation of a plan to streamline them, which is expected to yield 0.3 percent of non-oil GDP in savings over the program period (MEFP ¶21).

- **Goods and services**: The implementation of PFM reforms (see paragraph 24), notably to reduce the use of DAOs (IT) and the digitalization of public procurement, are projected to contribute to a reduction on spending on goods and services by 0.3 percent of non-oil GDP over the program horizon.

- **Domestically-financed investment**: The recent surge in domestically-financed capital spending—from an average of 2 percent of non-oil GDP in 2018-22 to nearly 6 percent in 2023-24—was fueled by increased oil revenues. However, this trend is unsustainable and less so with lower oil prices in the baseline. The program aims to moderate domestically financed public investment to a sustainable average of 4 percent of non-oil GDP during the program period, which remains well above the 10-year average of 2.6 percent, to create fiscal space for the new NDP. Additionally, it will facilitate the mobilization of concessional project financing to sustain total capital spending at an average of 8.8 percent of non-oil GDP annually, significantly higher than average investment levels in 2023-24 of 7.8 percent of non-oil GDP.

Enhancing Expenditure Quality

24. Enhancing financial programming and fiscal transparency will be essential to improve the execution of the budget and the financing plan and support private sector development. To this end, the program will support the following measures:

- To enhance fiscal transparency, the Ministry of Finance will **issue a decree establishing the Public Finance Monitoring Committee** (SFP), responsible for preparing and validating the monthly, quarterly and annual government financial operations table (TOFE), bringing together all stakeholders, in particular the General Directorates of Budget and Taxes (DGB, DGI), the General Directorate of Treasury and Public Accounting (DGTCP), the Ministry of Planning, the BEAC and the National Institute of Statistics, Economic and Demographic Studies (INSEED) (MEFP ¶22). This will be essential to support policy decisions in the conduct of fiscal policy and ultimately ensure a better monitoring of the new ECF arrangement's QPCs and ITs (indicative targets).

- With progress on SIGFiP and better coordination under the SFP Committee, the authorities will be able to **publish quarterly TOFE** on accrual basis (Periodic Structural Benchmark) and **develop quarterly commitment and cash flow plans** (Periodic Structural Benchmark). Those will allow better management of cash/liquidity and ensure continuity in the spending chain, as will the **implementation of the standardized electronic invoicing** across the public sector (Structural Benchmark).

- These measures will also support the **re-establishment of the Expenditure Commitment Committee** and the **operationalization of the Treasury Committee**, which has been inactive since 2020 (MEFP ¶22).

- The program will also promote fiscal transparency and adequate debt service forecasting capacities by **centralizing all four debt units under the Head of Treasury** (MEFP ¶25) and by **producing adequate treasury/cash plans together with the debt management strategies**, to be added to budget documents (Periodic Structural Benchmark). This will ensure the authorities increase transparency of debt operations and arrears, in particular costing, and enhance their capacity to forecast interest and principal payments and better manage scarce liquidity.

- The **implementation of the accounting phase in SIGFiP** by interfacing it with the financial authorities' IT systems will allow the authorities to obtain a more complete operational coverage of the Treasury's general account balances and automate accounting entries (MEFP ¶22).

25. The program will aim at accelerating key ongoing PFM reforms to strengthen spending quality and reduce leakages. These include:

- Making progress on the **treasury single account (TSA) strategy** by closing unused bank accounts and working closely with the Central Bank to establish the TSA (MEFP ¶22).

- **Providing the Court of Accounts (*Cour des Comptes*) with access to SIGFiP** in order to timely audit public accounts and provide detailed information on pre-authorized spending procedures (DAOs) and whether the spending was budgeted or not (Structural Benchmark).

- **Upgrading the pre-authorized spending (DAO) management module in the SIGFiP** to enforce the sequestration of the portion of the budget line necessary for the regularization of each DAO (thereby protecting the budget line from overspending between the moment the DAO is created and regularized) (Prior Action) which is essential to gradually curbing the use of DAOs, in accordance with the presidential decree of 2023, to less than 25 percent of primary spending by end 2025, then to 15 percent by end 2026 (IT).

- **Completing the expansion of SIGFiP** to enable a comprehensive and fully digitalized operational management of treasury and budgetary operations (MEFP ¶22).

- Given the need to optimize spending for fiscal consolidation, the authorities' work towards **developing a robust three-year public investment plan** (as per their 2022-2027 Public Finance Reform Strategy) aligned with the NDP will be crucial for efficient resource allocation (MEFP ¶22). This will be achieved through the full implementation of the SIGFiP system for all investment expenditures and the building of a comprehensive database of public investment projects.

Making the Budget resilient to External Shocks

26. Chad is highly exposed to oil price volatility and a negative shock would create large BOP and fiscal financing needs (see Text Table 3)[7]. A fall of international oil prices of US$5 per barrel relative to the baseline, would see exports fall by more than 1 percent of GDP per year, and 5.9 percent of GDP (about US$1.3 billion) over the program period. Government revenues from oil would fall by 0.6 percent of GDP per year on average in 2025-29 and open an additional fiscal financing gap of 3.1 percent of GDP (about US$700 million) over the program period. A larger fall, of US$20 per barrel, would see exports fall by a cumulative 23.7 percent of GDP (US$5.4 billion) in 2025-29, and would lead to an additional fiscal financing gap of 2.3 percent of GDP per year on average, and 11.5 percent of GDP (about US$2.7 billion) in total, over the program period.

[7] This analysis is for illustrative purposes and assumes that a negative oil price shock does not affect oil production and non-oil output. A large fall in oil prices would likely lead to lower investment in the oil sector and a fall in production over the medium-to-long term, further impacting exports and government revenues. Moreover, in light of historical data, non-oil output growth would likely be impacted by a fall in oil prices and could further widen the fiscal financing gap.

27. Considering Chad's vulnerability to shocks, the authorities have prepared contingency measures. They have included an adverse scenario in their NDP. It incorporates several factors, such as a fall in oil prices and lower oil production, climate shocks, the worsening security situation in neighboring countries, and geopolitical tensions at the international level. In this scenario, real GDP growth will be 1.8 percent lower on average over the NDP period. The authorities have envisaged a set of contingency measures in case of a severe shock, such as the possibility of canceling expenditures allocations, in particular in non-priority sectors, issuing a revised budget in which they could also resort to revenue-increasing measures, spending cuts, and seeking more financing.

Text Table 3. Chad: Oil Price Scenarios and Impact on Revenues and Exports, 2025–29
(In percent of GDP, unless indicated otherwise)

	2025	2026	2027	2028	2029	Total 2025-2029
Baseline						
Brent (US$/barrel)	67.7	63.3	63.7	64.7	65.6	
Oil revenues	7.4	5.2	5.4	5.5	5.3	
Oil exports	16.1	14.8	14.4	14.3	14.1	
Brent US$5 below baseline						
Difference in oil revenues	-0.3	-0.9	-0.6	-0.6	-0.6	-3.1
Difference in oil exports	-1.2	-1.2	-1.2	-1.2	-1.1	-5.9
Brent US$10 below baseline						
Difference in oil revenues	-0.6	-1.8	-1.2	-1.3	-1.2	-6.2
Difference in oil exports	-2.5	-2.4	-2.4	-2.3	-2.2	-11.8
Brent US$20 below baseline						
Difference in oil revenues	-1.3	-2.9	-2.5	-2.6	-2.3	-11.5
Difference in oil exports	-4.9	-4.9	-4.7	-4.6	-4.5	-23.7
Brent US$30 below baseline						
Difference in oil revenues	-1.9	-3.6	-3.7	-3.8	-3.4	-16.4
Difference in oil exports	-7.4	-7.3	-7.1	-7.0	-6.7	-35.5

Source: IMF staff calculations.

28. In the specific case of an oil shock, the program incorporates an oil adjustor. Ringfencing the budget from the volatility of oil prices is essential to ease financing pressures, limit pro-cyclicality, and support economic diversification. Like many oil exporters, Chad's budget is highly dependent on oil revenues, representing about half of total revenues. This dependence has rendered fiscal policy highly procyclical with well-known negative externalities, such as boom-bust cycles in investment and large cuts in wages. Given the limited institutional, governance, and human capacities, the program intends to prepare the ground for a budget framework reform to ringfence the budget from oil price volatility, by requiring the authorities to submit a revised budget law to adjust expenditures when the impact of the oil price decline on budgeted oil revenues is greater than or equal to 30 percent, starting with the 2026 budget law (Periodic Structural Benchmark and MEFP ¶24). It is expected that this practice will be adopted in multi-year budgeting reform later on (see paragraph 23).

B. Inclusive Growth

The program aims to support the authorities' objectives to enhance poverty reduction and inclusive growth, including by expanding the social safety nets.

29. Nascent institutional settings, as well as challenging geographical and climatic conditions, hamper inclusion and access to public services. Chad scores among the lowest in sub-Saharan Africa and CEMAC in inclusion indicators, such as financial inclusion or access to public services (electricity, water, education, health, etc.)[8]. Recipients of social transfers and taxpayers' relative counts are also among the lowest in the region. The main obstacle to including those populations is low coverage of national identification (Text Figure 4). According to World Bank ID4D/Global Findex, only 39 percent of Chadians have a national identification. Yet, identification is a fundamental right and a key enabler for accessing services, benefits, and opportunities, particularly in the new digital world. Identification can support the authorities' efforts of formalization of economic activities and has also the potential to bring more taxpayers into the tax net.

30. The program will support the expansion of national identification coverage. To support the development of the financial inclusion strategy and the Unified Social Registry (USR), cash transfer programs, and progress towards the increase of the tax bases through digitalization, the authorities plan to bring coverage of identification closer to the regional average of 80 percent by the end of the program and ensure connectivity and cross-checking across identification databases (USR, biometric humanitarian identification from UN agencies, etc.) and regular updates (MEFP ¶28).[9] In parallel, Chad officially launched, on April 11, 2025, the mapping phase of its third General Population and Housing Census. The third Census in Chad's history (following the 1993 and 2009 census) is expected to be finalized in 2026 and will advance alongside the authorities' efforts to improve identification.

31. The authorities aim to enhance social safety nets through adaptive and productive cash transfers. Historically, Chad's social safety nets have relied on emergency-driven humanitarian aid from donors, focusing on immediate needs rather than being institutionalized or locally financed. This approach has shaped the nature of social protection in the country, emphasizing short-term relief over long-term sustainability. In 2019-23, Chad spent an average of 2.8 percent of GDP (3.7 percent of non-oil GDP) on ministries in social sectors, with 65 percent allocated to wages and salaries, but the budget did not allocate direct funding for cash transfers. The Chadian government prioritized expansion of safety nets to one million extremely poor beneficiaries in its 2024-28

[8] Based on date from World Bank World Development Indicators from April 2025.

[9] Coverage still to be defined – in coordination with the World Bank (which could finance the operation through its ID4D program) and the authorities. Assuming full coverage for 10 million adults over age 16 would mean processing IDs to 2.5 million people/year for the program duration, which seems unrealistic. Nigeria, Kenya, South Africa, and Ghana have ID issuance capacity of over 1 million annually. Other SSA countries have a capacity of around half a million per year. If the baseline is 30-40 percent of the adult population, the minimum Chad could achieve in four years would be 60 percent and with the support, it could reasonably reach 80 percent.

National Social Protection Strategy, which emphasizes adaptive social protection, featuring the development of a national cash transfer program and a unified social registry (USR).

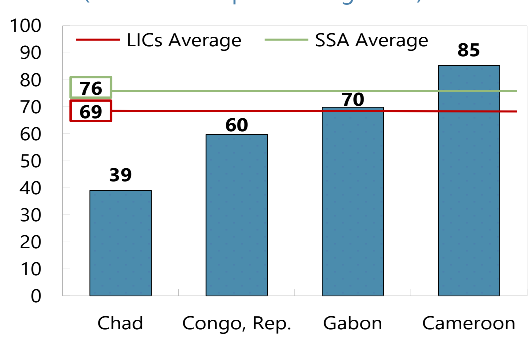
Text Figure 4. Chad: National Identification Challenges

The IMF and World Bank are supporting integrated identity solutions in Chad by linking national ID issuance with the Unified Social Registry through the Productive Social Safety Net Program (PSSNP). Prioritizing low-income women, the program delivers bundled support—including ID issuance, registry enrollment, and cash transfers—while the IMF's ECF-supported program promotes fiscal space for scaling up coverage. Together, these efforts tackle barriers to ID access, expand cash transfers, and strengthen digital governance.

With only 39% of adults over 15 holding an ID, Chad has the lowest coverage among CEMAC countries with available data—well below 76% in SSA and 69% in LICs.

Regional Comparison of National ID Ownership

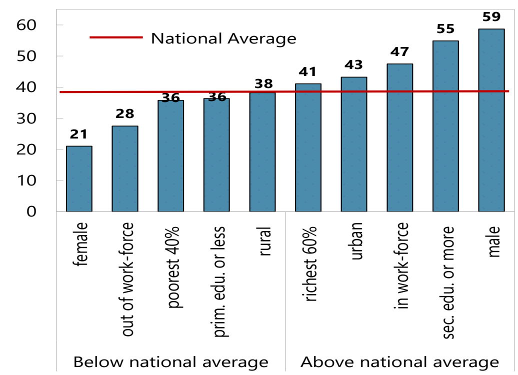
(Percent of Population Age 15+)



Women, the less educated, the poor, rural residents, and those out of the work force are all less likely than the national average to have an ID.

Domestic Comparison of National ID Ownership

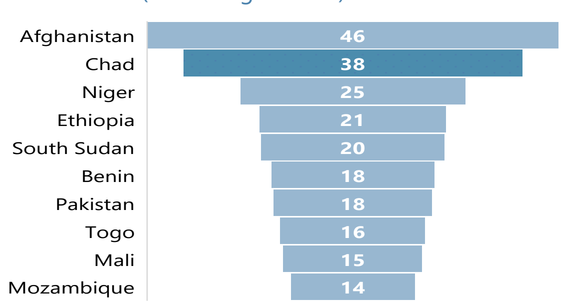
(Percent of Population Age 15+)



Chad has the second-highest gender gap in ID ownership globally at 38 percentage points – just behind Afghanistan at 46 pp. Other countries in the top 10 show gaps of 14 to 25 pp.

Gender Gap in ID Ownership

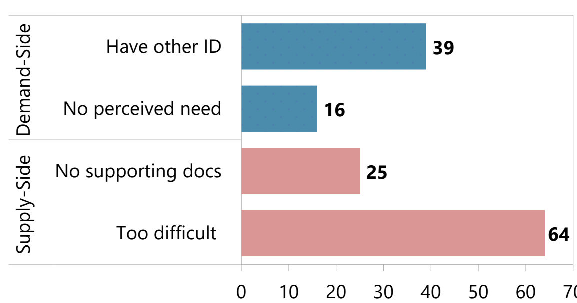
(Percentage Points)



Chad's low ID ownership is driven primarily by supply-side constraints, with nearly 65% citing application difficulties—due to costs, travel distance, and complex procedures.

Most Common Reasons for not Having National ID

(Percent of Adults without ID)



Source: World Bank ID4D.

32. The program will support an increase in such cash transfers, addressing widespread poverty that hampers Chad's development. The World Bank-supported Productive Social Safety Net Program (PSSNP) seeks to widen the coverage of the unified social registry and the cash transfer program, with US$120 million in the IDA project over the next five years (2025-29). At the project's start, the USR had outdated information for 600,000 households, but 15 percent of that data has been updated. The authorities will aim for a more ambitious expansion to cover about 2.4 million individuals at the national level (MEFP ¶29-31). They will do so by enhancing the capacity and governance of the USR (Structural Benchmark) and by gradually increasing direct funding from the government starting from US$5 million in the 2026 Budget and growing in the order of US$2.5 million yearly over the program horizon to start some meaningful burden sharing with donors (IT to start at end-December 2025) (Annex IV). This will be supported by the expansion in the national identification program, the main obstacle to the development of a secure and efficient coverage of the USR.

33. The program will also aim to support increased coverage of school feeding programs. The authorities started to provide school feeding programs in 2024 to increase school attendance and fight child malnutrition. The CFAF 500 million allocated in the 2025 Budget is estimated to cover some 5 percent of the yearly needs for the targeted 8 provinces. The authorities have the ambition to expand the program by allocating funds for yearly increases in budget allocations of CFCA 500 million to reach ¼ of the yearly needs for the targeted 8 provinces by the end of the ECF (IT to start at end-December 2025) and possibly expand the program to those provinces not yet covered (MEFP ¶32).

C. Governance

The program aims to support the authorities' objectives to improve governance and the business climate.

34. The ECF arrangement aims at supporting the authorities' fiscal transparency initiatives. Under the program, the authorities committed to submit the draft Settlement Law (*Loi de Règlement*) necessary for the Court of Accounts (*Cour des Comptes*) to certify the final report on the implementation of the budget law on time and grant the Court access to SIGFiP, in compliance with the legal provisions (Structural Benchmark). This will ensure more transparency, timely access to fiscal data, and will allow Fund staff to incorporate recommendations from the Court in the program. Additionally, the authorities will enhance the accounting and auditing functions by specifying and strengthening the provisions of the General Regulation on Public Accounting relating to the status of public accountants on the one hand and propose an amendment to certain provisions of the tax procedure code relating to the exercise of certain functions within the framework of the Tax Procedure Code (TPC) and the General Tax Code (GTC) (Structural Benchmark).

35. The authorities plan several reforms in the area of governance. The authorities requested an IMF Governance Diagnostic (GD) in FY 2026 to inform further Fund engagement on broader governance and business climate issues (MEFP ¶35). The authorities will also track governance in the oil sector, where conditionality has not been sufficiently effective in previous programs. Previous TA from the IMF highlighted weak business practices among sector firms, non-compliance with fiscal reporting obligations by state-owned enterprises (SOEs), and the failure of certain institutional entities to pay their energy consumption bills. The new IMF arrangement aims to foster transparency, and the authorities will provide IMF staff with the progress report on the audit of oil revenues since 2020 and the establishment of a visualization system (Data Analytics) for the management of oil revenues (Prior Action), and publish the audit of oil revenues and the implementation of a visualization system by end-November 2025 (Structural Benchmark). Further conditionality for later reviews will then embed findings and recommendations of the audit in program conditionality (MEFP ¶36). Furthermore, the authorities are expected to publish the procurement contracts with firms operating in the extractive sector (MEFP ¶36). The program also aims to implement an asset declaration regime for the oil sector in line with international best practice such as the Extractive Industries Transparency Initiative (EITI) or G20 High-Level Principles on Asset Disclosure by Public Officials (MEFP ¶36). Moving forward, establishing a competitive procurement process for awarding contracts related to fuel and electricity provision, including for public entities, will be essential to ensure a competitive and fair allocation of oil resources (MEFP ¶36).

36. The governance of public banks will be addressed under the program to improve financial stability and enhance private sector development. The finalization of restructuring plans for both systemic public banks in 2025, along with the completion of debt offset agreements for one of them, aim to address their weaknesses. CFAF 100 billion (0.8 percent of GDP) were included in the 2025 budget law for this purpose. Besides recapitalization, key elements of these restructuring plans include (i) tackling governance issues, (ii) reducing the high NPL ratios, (iii) modernizing IT systems to broaden client outreach and strengthen cybersecurity, as well as (iv) streamlining operating costs and improving liquidity management. For two smaller public banks, the authorities have entered discussions with private investors to divest. As a crucial milestone, they envision the submission of the restructuring and sale plans to COBAC by December 2025 (Structural Benchmark, MEFP ¶33). The implementation of these plans will be monitored in subsequent reviews. At the regional level, a Financial Sector Assessment Program (FSAP) would help identify weaknesses and provide recommendations for strengthening the banking sector.

PROGRAM MODALITIES

37. Chad has an estimated balance of payments financing gap of US$2 billion throughout the program. These financing needs are driven by a projected gradual fall of oil prices, high development spending needs, low attractiveness for foreign investments, and the need to contribute to accumulation of international reserves at the regional level. The proposed program would help make significant progress in resolving a protracted balance of payments problem by supporting the authorities' reform plans and prudent fiscal policy, which will moderate financing needs over the medium term.

38. A 48-month arrangement under the Extended Credit Facility (ECF) with access of 325 percent of quota (SDR 455.65 million) would cover about 30 percent of the estimated financing gap. The program will support the authorities' plan to streamline non-priority spending and boosting non-oil oil revenues to offset a gradual fall in oil revenues and reduce the overall fiscal deficit – from 2.5 percent of non-oil GDP in 2024 to 0.9 percent of non-oil GDP by the end of the program in 2029 – while preserving fiscal space for critical development spending. As a result, the financing gap will decline gradually from 2 percent of GDP in 2025 to 0.7 percent of GDP in 2029 and to zero by 2030 under the baseline. Given the length of the program, the ambitious development plans, and the financing needs, the ECF disbursements will increase progressively each year of the program—see Text Table 3. Given the nature of Chad's balance of payments needs and the concurrent fiscal need, it is proposed that financing from the ECF arrangement be used for budget support. Chad is classified as a Tier 1 country, and the interest rate on PRGT borrowing under this arrangement will therefore be set at zero.

Text Table 4. Chad: Proposed Schedule of Disbursements Under the ECF, 2025-29

Availability Date	Conditions for Disbursement	Amount (Percent of Quota)	Amount (Millions of SDRs)
July 25, 2025	Executive Board approval of the ECF arrangement	20.0	28.04
December 15, 2025	Observance of the performance criteria for end-June 2025 and completion of the first review under the arrangement	20.0	28.04
June 15, 2026	Observance of the performance criteria for end-December 2025 and completion of the second review under the arrangement	30.0	42.06
December 15, 2026	Observance of the performance criteria for end-June 2026 and completion of the third review under the arrangement	40.0	56.08
June 15, 2027	Observance of the performance criteria for end-December 2026 and completion of the fourth review under the arrangement	40.0	56.08
December 15, 2027	Observance of the performance criteria for end-June 2027 and completion of the fifth review under the arrangement	40.0	56.08
June 15, 2028	Observance of the performance criteria for end-December 2027 and completion of the sixth review under the arrangement	45.0	63.09
December 15, 2028	Observance of the performance criteria for end-June 2028 and completion of the seventh review under the arrangement	45.0	63.09
June 15, 2029	Observance of the performance criteria for end-December 2028 and completion of the eigth review under the arrangement	45.0	63.09
Total		**325.0**	**455.65**

Source: IMF Staff estimates and projections.

39. **Program performance will be monitored through continuous performance criteria (PCs), semi-annual quantitative performance criteria (QPCs) and quarterly indicative targets (ITs), as well as structural benchmarks (SBs) (Tables 6 and 7).** There will be continuous PCs on the non-accumulation of new external arrears and contracting of new non-concessional external debt. The QPCs include a floor for the non-oil primary balance (NOPB), a floor on non-oil revenue, and a ceiling on spending on wages and salaries. The ITs will include a ceiling on net domestic government financing, a ceiling on the stock of domestic payment arrears by the government, a ceiling on the use of pre-authorized spending procedures as a share of non-wage civilian primary spending, a floor on spending on cash transfers and school feeding programs, and a floor on the number of provinces covered by the unified social registry. There will be adjustors to the QPCs and ITs depending on the

oil sector's performance (paragraph 26). These are detailed in the Technical Memorandum of Understanding (TMU, Attachment II).

40. The Fund's catalytic role will be key to ensure adequate burden sharing. Staff envisages that the new ECF arrangement will catalyze external concessional budget support from donors to cover the financing gap over the program period (Text Table 4). The proposed ECF arrangement is expected to cover about 30 percent of the financing needs and would catalyze budget support from multilaterals, which would cover about 27 percent of the financing needs, and from bilateral donors (primarily UAE[10] and France) for 43 percent of financing needs.

Text Table 5. External Financing Needs and Sources
(CFAF, billions)

	In CFAF billions					In percent of GDP				
	2025	**2026**	**2027**	**2028**	**2029**	**2025**	**2026**	**2027**	**2028**	**2029**
Financing Needs	**2421**	**2479**	**2560**	**2696**	**2788**	**19.4**	**18.9**	**18.6**	**18.5**	**18.0**
Current account deficit (excl. oil exports)	2319	2384	2433	2557	2675	18.6	18.2	17.6	17.5	17.3
Amortization of PPG External Debt	122	60	101	108	87	1.0	0.5	0.7	0.7	0.6
Net change in reserves	-20	35	26	31	26	-0.2	0.3	0.2	0.2	0.2
Financing Sources	**2175**	**2099**	**2230**	**2536**	**2679**	**17.5**	**16.0**	**16.2**	**17.4**	**17.3**
Oil exports	2004	1933	1986	2091	2175	16.1	14.8	14.4	14.3	14.1
Capital Account	342	398	436	419	460	2.7	3.0	3.2	2.9	3.0
Financial account	-171	-231	-192	25	44	-1.4	-1.8	-1.4	0.2	0.3
Financing Gap	**246**	**379**	**331**	**160**	**109**	**2.0**	**2.9**	**2.4**	**1.1**	**0.7**
Additional Financing Sources	**246**	**379**	**331**	**160**	**109**	**2.0**	**2.9**	**2.4**	**1.1**	**0.7**
Multilateral budget support	70	73	73	58	58	0.6	0.6	0.5	0.4	0.4
Bilateral budget support	131	227	167	0	0	1.1	1.7	1.2	0.0	0.0
Prospective IMF ECF	45	79	91	103	51	0.4	0.6	0.7	0.7	0.3
Residual Gap	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0

Source: Country Authorities and IMF Staff Estimates.

41. The program risks are high, but the proposed reforms, if implemented under the program, will help mitigate these risks. A decline in oil prices would impact the authorities' fiscal revenues, thus leading to an increase in government financing needs and fiscal deficit (paragraphs 25 and 26). This would deteriorate program performance indicators. Even though capacity for reform implementation has recently increased, commitment to reforms may weaken due to fatigue or because reforms may impact vested interests. But the new government remains committed to reforms. The increased frequency of climate shocks, especially droughts and floods, could impact economic growth and increase poverty, necessitating more room for poverty-reducing expenditures. A shortfall in donor financing could result in the reappearance of a financing gap that will be difficult/costly to fill. Finally, a deterioration in regional security could weigh heavily on security and military spending. If adopted, the program's reforms will help mitigate these risks. Capacity Development (CD) provided by headquarters and AFRITAC Central, and close engagement with

[10] Chad signed an MoU in 2023 with the UAE for budget support of US$1.5 billion, of which US$150 million were disbursed in 2023 and US$500 million in 2024. The remaining US$850 million are expected to be disbursed over the program period, pending yearly negotiations.

development partners on the ground will improve the authorities' capacity to implement reforms throughout the program period (Annex V).

42. The proposed program would trigger the Strengthened Policy Safeguards for the PRGT. With such an arrangement, Chad's PRGT cumulative access, currently at 340 percent of quota, would peak at 408 percent in 2028, triggering the Strengthened Policy Safeguards but remaining below the exceptional access limit of 600 percent. Additionally, following new guidance for program requests from the 2024 PRGT review, the strengthened policy safeguards 2 and 3 are triggered. This required an Informal Board meeting to take place ahead of the mission and specific focus of the staff report on a detailed analysis of public debt, included in the Debt Sustainability Analysis (DSA), measures to reduce debt vulnerabilities, for which the program includes conditionality on debt management (QPC and MEFP ¶26), and an enhanced capacity to repay analysis (see Annex III).

43. Chad's capacity to repay the Fund is currently assessed as adequate, but subject to significant risks. Under the baseline, the stock of debt to the Fund as a share of GDP remains at elevated levels based on existing and prospective drawings, peaking in T+3above the 75th percentile of past PRGT arrangements (Annex III). Given regional reserve pooling, the ability to repay the Fund is also impacted by the capacity to repay of other CEMAC countries. The downside risks could be mitigated by the fiscal adjustment and governance reforms envisaged in the program, which aim at increasing non-oil revenues (prior action and structural benchmarks on revenue enhancing measures) and streamlining current and non-priority spending (prior action and structural benchmark on containing the wage bill) and strengthening debt management. Political support of the program's objectives and effective implementation of the proposed measures will leverage the Fund's catalytic role.

44. The program is fully financed. Firm commitments are in place for the first 12 months of the program, with good prospects for the remainder of the program. Despite this, Chad continues to face significant financing challenges, underscoring the importance of IMF engagement to help create fiscal space and catalyze support from other development partners. Any potential financing shortfalls will need to be addressed through contingency measures, including expenditure reductions.

45. The financing assurances review confirms that adequate safeguards are in place to support continued access to Fund resources. The Chadian authorities remain committed to fiscal consolidation, prudent debt management, and structural reforms—key elements for navigating the current environment of heightened uncertainty. All arrears to international financial institutions creditors have been resolved. As of end-March 2025, arrears remain with **four** official bilateral and one commercial creditors. The Chadian authorities are making good faith effort to reach an agreement with all creditors, with notable recent progress (see DSA for more details). Staff assesses that Fund's arrears policy requirements are met and adequate safeguards remain in place to justify continued Fund support and expects a near-term resolution of the outstanding bilateral arrears.

46. The regional policy assurances on net foreign assets (NFA) for end-December 2024 and Q1 2025 were met. NFAs were EUR 5.02 billion on average during October-December 2024, EUR 0.02 billion above the target set for this date at EUR 5.0 billion. Additionally, the average January–

March 2025 NFA level was EUR 5.97 billion, EUR 1.47 billion above the target set for this date at EUR 4.5 billion. Staff has proposed updated policy assurances on NFA accumulation, to bring NFA to average EUR 5.5 billion during March-June 2025 and EUR 5.75 billion during October-December 2025. To meet these targets, it is essential for member states to implement offsetting policy measures to address macroeconomic imbalances and enhance external stability, in line with the region's highest-level political commitments. The regional policy assurances (RPA) on regional NFAs and on financial stability are critical for the success of Chad's program and will help bolster the region's external and financial sustainability.

47. Safeguards assessment. Implementation of safeguards recommendations from the 2022 BEAC assessment and a follow-up monitoring mission in 2023 has been limited. Recommendations included the need to strengthen internal audit and risk management practices as well as governance arrangements, including onboarding of new members of senior management and the Board, and enhancing the delegation framework for executive management's decision-making. Staff is continuing to follow-up on these issues.

48. The authorities have indicated their desire to access the Resilience and Sustainability Trust (RST) to support prospective balance of payment needs emanating from the high frequency of natural disasters. Chad is highly vulnerable to climate risks (droughts, floods, high winds, desertification), making the conditions of production and life extremely difficult. The effects of climate change, for example through the recent displacement of populations due to droughts, have led to tensions over access to arable lands and natural resources, and can create balance of payments pressures through unexpected imports of food and to rebuild infrastructures affected. The quasi-disappearance of Lake Chad threatens the livelihood of some 40 million people from four bordering countries, exacerbating food insecurity and conflicts. Those effects have disproportionate impact on already disadvantaged population (including the poor, women, children, and refugees). At this juncture, the Chadian authorities are ready to also reform in this area (MEFP ¶4 and 5) and intend to seek access to the Resilience and Sustainability Facility (RSF). To this end, the authorities also requested a Climate Policy Diagnostic (CPD), which will serve as a complementary diagnostic for the RSF preparation, informing about fiscal policy gaps and reforms for adaptation and mitigation.

49. The Fund's capacity development strategy is designed to support the implementation of key structural reforms underpinning the ECF program. In line with the program's first pillar, which prioritizes accelerating structural fiscal reforms, technical assistance (TA) remains focused on the core areas of public financial management (PFM), revenue administration, expenditure control, debt management, and national accounts statistics. As detailed in Annex V, planned missions to Chad will continue supporting the implementation of the 2022-2027 PFM reform strategy, including the finalization of the Treasury Single Account, the modernization of tax and customs administrations as well as the cross-departmental integration and expansion of the Integrated Financial Management Information System. Supporting the program's third pillar, a Governance and Anti-Corruption Diagnostic assessment will be provided following the authorities' request in May 2025. The CD strategy is tailored to Chad's policy priorities, in line with the CES. To ensure adequate resources, CD spending of US$1.7 million is planned for FY26.

50. Further efforts are needed to improve the quality and timely provision of data. Chad is considered a case "C" country in the Data Adequacy Assessment (i.e., the data provided to the Fund has some shortcomings that hamper surveillance). The deterioration from the previous ("B") reflects large discrepancies between BEAC's preliminary balance of payments estimates and INSEED's national accounts. Persistent delays in data transmission to the Fund will also need to be addressed. Staff welcomed recent progress in aligning trade data between BEAC and INSEED, and BEAC's publication of balance of payments data from 2016 until 2022. However, official data do not yet fully account for mining activities, so staff has made some preliminary assumptions to estimate the role of mining activity in the Chadian economy in the absence of consistent and fully integrated statistics (see Annex II). Regarding financial sector indicators, a recent STA mission to BEAC supported the update of data following the transition to a new IT platform. However, Financial Soundness Indicators for 2024 have not yet been published.

STAFF APPRAISAL

51. Chad continues to face significant challenges given its fragility, wide-spread poverty, and persistent exposure to humanitarian, climatic, and security shocks. Following a political transition completed in February 2025, and despite persistent fragilities and global and regional risks, the authorities are keen to implement an ambitious reform agenda to lift development outcomes and spur diversification as set out in their National Development Plan (NDP) 2025-2030.

52. The proposed economic program under the new ECF arrangement will support the government's key priorities, based on three pillars: first, it will aim at supporting an increase in non-oil revenues, through tax administration and tax policy reforms, and a streamlining of current spending to ensure sustainable fiscal policy and create fiscal space for social spending and key development projects. Second, the program aims to support the authorities' inclusion objectives through the development of a well-targeted and adequate social safety net. Third, the program will aim at improving governance and the business climate.

53. The authorities are committed to mobilizing non-oil tax revenues and streamlining non-priority spending. They are committed to increasing non-oil tax revenues through a mix of tax policy and tax administration reforms. They intend to raise import and export duties on specific goods and implement new excise taxes. They are also committed to reducing tax incentives, outside priority sectors. They will continue important efforts to digitalize tax administration focused on tax e-payments, e-invoicing, audit, and tax compliance.

54. The authorities aim to strengthen fiscal planning, PFM, and transparency to ensure the effective allocation of scarce fiscal resources and mitigate the impact of oil price volatility. The overall objective of the program is to support the authorities' efforts to enhance financial planning, improve budget implementation, reduce liquidity shortages and arrears, and strengthen debt management. Given inherent fragilities, the program will also support the authorities' aim to develop multi-year investment programing and reduce procyclicality emanating from oil dependence.

Capacities will be reinforced with Fund support in financial planning, debt statistics, PFM, and fiscal transparency.

55. The government is committed to double down on efforts to expand national identification and social registry coverage to enable the delivery of targeted social spending. The program will support the authorities' ambitious objective to lift development outcomes through an identification program and the development of a wider social safety net, including through an increase in adaptive and productive cash transfers and school feeding programs.

56. Strong efforts are needed to enhance governance and transparency, particularly in the oil and financial sectors. The authorities requested an IMF Governance Diagnostic (GD) to inform further Fund engagement on broader governance and business climate issues. They are committed to supporting anti-corruption efforts, to restructure and divest from the banking sector, and to enhance transparency in the oil sector.

57. Based on BOP needs and policy commitments under the program, and the regional policy assurances established in the June 2025 union-wide paper, Staff supports the authorities' request for a 48-month arrangement under the ECF, with access of SDR 455.65 million (325 percent of quota). This is based on policies and reforms to which the authorities committed under the MEFP, the prior actions taken by the authorities, and the catalyzation of additional budget support and donor funding.

Table 1. Chad: Selected Economic and Financial Indicators, 2023-30

	2023	2024	2025	2026	2027	2028	2029	2030
	Act.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)							
Real Economy								
GDP in chained volumes	5.0	3.5	3.3	3.6	3.3	3.7	4.0	4.1
Oil GDP	7.4	-1.2	-0.7	4.1	2.3	3.2	2.3	1.3
Non-oil GDP	4.3	4.6	4.2	3.5	3.5	3.8	4.2	4.4
GDP deflator	-4.2	2.8	0.2	1.5	1.9	1.9	2.0	1.9
Consumer price index (annual average)	2.3	5.1	4.0	3.6	3.1	3.0	3.0	3.0
Oil prices								
Brent (US$/barrel)[1]	82.3	79.9	67.7	63.3	63.7	64.7	65.6	66.4
Chadian price (US$/barrel)[2]	77.8	78.2	65.3	60.6	60.7	61.7	62.6	63.4
Oil production for exports (millions of barrels)	51.5	50.8	50.4	52.7	53.9	55.8	57.2	58.0
Exchange rate CFAF per US$ (period average)	606.5	606.2	...	...	...	...	...	...
Money and Credit								
Net foreign assets[3]	-0.9	28.1	0.9	0.6	0.0	0.1	0.9	2.3
Net domestic assets[3]	15.4	-11.2	11.1	9.4	8.0	7.7	6.6	5.0
Of which : net claims on central government	4.5	0.3	-0.8	-2.1	-0.5	1.6	0.4	-0.2
Of which : credit to private sector	4.9	7.1	4.1	3.6	3.4	3.4	3.5	3.7
Broad money	14.6	17.0	12.0	10.0	8.0	7.8	7.5	7.3
Velocity (non-oil GDP/broad money)	4.2	3.9	3.7	3.6	3.5	3.5	3.4	3.4
External Sector (valued in US dollars)								
Exports of goods and services, f.o.b.	-5.9	3.1	-5.8	1.3	3.2	4.8	4.7	3.9
Imports of goods and services, f.o.b.	7.7	4.8	3.7	5.9	2.7	4.2	4.5	4.4
Overall balance of payments (percent of GDP)	0.5	0.4	-2.1	-2.6	-2.2	-0.9	-0.5	0.3
Current account balance, including official transfers (percent of GDP)	1.6	1.0	-2.5	-3.5	-3.2	-3.2	-3.2	-3.4
Terms of trade	-13.0	10.9	-7.2	-3.4	-0.2	1.1	1.4	1.4
External debt (percent of GDP)[4]	16.7	17.2	17.9	20.2	22.1	21.7	21.4	20.9
NPV of external debt (percent of exports of goods and services)	43.5	45.2	50.2	56.4	60.4	59.2	58.6	58.0
	(Percent of non-oil GDP, unless otherwise indicated)							
Government Finance								
Revenue and grants	19.1	20.2	21.2	18.8	19.3	19.3	19.2	19.4
Of which : oil revenue	11.5	9.3	8.6	6.0	6.1	6.3	6.0	5.9
Of which : non-oil revenue	6.9	8.7	9.4	9.3	9.6	9.7	9.8	10.0
Expenditure	20.9	22.7	22.7	21.6	21.8	20.6	20.1	20.1
Current	13.9	14.1	13.9	12.8	12.4	12.1	11.8	11.6
Capital	7.0	8.6	8.8	8.8	9.5	8.5	8.4	8.4
Non-oil primary balance (commitment basis, excl. grants)[5]	-11.5	-9.7	-6.8	-6.2	-5.6	-5.2	-4.8	-4.6
CEMAC reference overall balance (in percent of GDP)[6]	-4.5	-3.0	-1.4	-1.2	-2.2	-1.9	-1.8	-1.5
Overall fiscal balance (incl. grants, commitments basis)	-1.8	-2.5	-1.5	-2.9	-2.6	-1.3	-0.9	-0.6
Total debt (in percent of GDP)[4]	32.3	32.8	33.0	34.2	34.7	33.3	32.0	31.3
Of which : domestic debt	15.6	15.6	15.1	14.0	12.6	11.6	10.6	10.4
Memorandum items:								
Nominal GDP (billions of CFA francs)	11,303	12,025	12,452	13,089	13,788	14,576	15,452	16,383
Of which: non-oil GDP	9,232	9,969	10,748	11,442	12,100	12,804	13,613	14,497
Nominal GDP (billions of US$)	18.6	19.8	20.4	21.6	22.7	24.0	25.5	27.0

Sources: Chadian authorities; and IMF staff estimates and projections.

[1]WEO projections for Brent crude oil price.

[2]Chadian oil price is Brent price minus quality discount.

[3]Changes as a percent of broad money stock at the beginning of period.

[4]Central government, including government-guaranteed debt.

[5]Total revenue excluding grants and oil revenue, minus total expenditure excluding net interest payments and foreign-financed investment.

[6]The reference fiscal balance (i.e. the overall budget balance minus 20 percent of oil revenue and minus 80 percent of the oil revenue in excess of the average observed during the 3 previous years) is a CEMAC convergence criteria and must exceed -1.5 percent of GDP.

Table 2. Chad: Fiscal Operations of the Central Government, 2023–30
(In billions of CFAF, unless otherwise indicated)

	2023	2024			2025			2026		2027		2028		2029		2030
	Act.	2024 Budget	Article IV	Prel.	2025 Budget	Article IV	Proj.	Article IV	Proj.	Article IV	Proj.	Article IV	Proj.	Article IV	Proj.	Proj.
Total revenue and grants	**1,762**	**2,016**	**2,105**	**2,009**	**2,421**	**2,219**	**2,276**	**2,103**	**2,147**	**2,286**	**2,335**	**2,426**	**2,470**	**2,621**	**2,618**	**2,820**
Revenue	1,703	1,821	1,905	1,795	2,017	1,966	1,930	1,832	1,745	1,994	1,896	2,113	2,047	2,284	2,154	2,311
Oil[1]	1,063	952	965	931	994	1,011	920	781	686	834	739	832	803	870	816	859
Non-oil	641	869	940	864	1,023	955	1,010	1,051	1,059	1,160	1,157	1,281	1,244	1,414	1,338	1,453
Tax	636	704	787	765	801	885	876	982	1,016	1,089	1,112	1,208	1,198	1,339	1,290	1,403
Non-tax	5	166	152	99	222	70	134	68	43	71	45	73	46	76	48	50
Grants	59	195	200	214	404	253	346	271	401	291	439	313	423	336	463	508
Budget support	0	0	0	0	20	0	0	0	0	0	0	0	0	0	0	0
Project grants	59	195	200	214	384	253	346	271	401	291	439	313	423	336	463	508
Expenditure	**1,932**	**1,961**	**2,118**	**2,263**	**2,324**	**2,340**	**2,442**	**2,415**	**2,476**	**2,530**	**2,644**	**2,683**	**2,639**	**2,872**	**2,743**	**2,910**
Current	1,283	1,185	1,359	1,407	1,346	1,423	1,493	1,415	1,466	1,472	1,500	1,525	1,548	1,583	1,600	1,688
Wages and salaries	580	614	635	652	680	679	678	711	693	744	716	791	740	828	768	817
Civil Service	394		431	452	447	460	470	482	481	504	496	536	513	562	532	567
Military	187		204	200	233	219	208	229	213	239	220	255	227	267	236	251
Goods and services	160	217	239	220	220	249	229	249	237	262	245	270	252	278	260	267
Transfers and subsidies[2]	417	264	334	386	297	319	391	324	382	339	383	352	410	366	426	454
Of which: In-kind transfers to National Electricity Company[2]	89	93	88	89	87	87	89	87	88	87	89	87	89	87	89	89
Of which: humanitarian spending to replace ODA cuts					15	0	15		30		30		31		32	33
Interest	125	90	151	148	149	176	195	130	153	127	156	113	146	110	146	148
Domestic	80	55	107	110	77	112	121	111	122	110	121	97	109	98	110	111
External	45	35	44	37	72	64	74	19	32	17	35	15	37	13	36	38
Of which: Glencore	*34*	*14*	*18*	*19*	*52*	*49*	*50*	*5*	*6*	*4*	*4*	*1*	*3*	*0*	*0*	*0*
Investment	650	777	759	856	977	916	949	1,001	1,010	1,059	1,144	1,158	1,091	1,290	1,143	1,223
Domestically financed[3]	542	433	513	569	440	474	440	480	456	500	492	557	507	645	539	574
Foreign financed	108	344	246	287	537	442	509	521	555	559	652	600	584	645	604	649
Overall balance (incl. grants, commitment)	**-170**	**55**	**-13**	**-254**	**97**	**-121**	**-166**	**-312**	**-329**	**-245**	**-309**	**-257**	**-169**	**-252**	**-125**	**-91**
Non-oil primary balance (excl. grants, commitment)[4]	**-1,058**	**-659**	**-781**	**-964**	**-615**	**-766**	**-728**	**-714**	**-709**	**-685**	**-679**	**-688**	**-665**	**-703**	**-654**	**-660**
Float from previous year[5]	-8	-33	-37	-37	-33	-35	-18	-35	-35	-35	-35	-35	-35	-35	-35	-35
Float at end of period[5]	37	33	35	18	33	35	35	35	35	35	35	35	35	35	35	45
Var. of Arrears[6]	-26	-32	-20	-15	-17	0	-13	0	0	0	0	0	0	0	0	0
Var. of unaudited arrears	0	0	0	-37	0	0	0	0	-10	0	-10	0	-10	0	-10	0
Overall balance (incl. grants, cash)	**-167**	**23**	**-35**	**-325**	**80**	**-121**	**-162**	**-312**	**-339**	**-245**	**-319**	**-257**	**-179**	**-252**	**-135**	**-81**
Non-oil primary balance (excl. grants, cash)	**-1,055**	**-691**	**-803**	**-1,036**	**-632**	**-766**	**-724**	**-714**	**-719**	**-685**	**-689**	**-688**	**-675**	**-703**	**-664**	**-650**
Errors and omissions	**6**	**…**	**…**	**-27**		**…**	**…**	**…**	**…**	**…**	**…**					
Financing	**162**	**-118**	**36**	**353**	**-80**	**121**	**-84**	**312**	**-40**	**245**	**-12**	**257**	**19**	**252**	**26**	**81**
Domestic financing	223	-45	-116	139	-250	-229	-125	-135	-133	-182	-123	-194	-34	-282	-28	-22
Bank financing	147	-110	-220	-39	-50	-161	-29	-67	-116	-164	-106	-207	-47	-302	-48	-17
Central Bank (BEAC)	116	-110	-235	-49	-50	-226	-39	-67	-126	-164	-116	-207	-57	-302	-48	-17
Deposits	142	-29	-196	-10	0	-160	12	9	-65	-86	-53	-119	16	-229	10	25
Advances (net)	-2	0	0	0	0	-16	0	-16	0	-16	0	-16	0	-16	0	0
IMF	-24	-29	-38	-38	-50	-50	-51	-60	-61	-62	-63	-72	-73	-58	-58	-42
SDR Allocation	0	-52	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Commercial banks (deposits)	31	0	15	9	0	65	10	0	10	0	10	0	10	0	0	0
Other financing (net), of which:	152	65	104	178	-200	-68	-28	-68	-18	-18	-18	13	12	20	19	-4
Amortization	*-50*	*-57*	*-13*	*-13*	*-85*	*-38*	*-38*	*-38*	*-38*	*-38*	*-38*	*-7*	*-8*	*0*	*-1*	*-19*
Commercial banks loans	*102*	*151*	*5*	*-11*	*0*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*
Non-bank loans (gross)	*0*	*0*	*0*	*0*	*-30*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Treasury bills (net)	*-1*	*-4*	*0*	*6*	*3*	*5*	*-5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*10*
Treasury Bonds (net)	*90*	*-15*	*112*	*196*	*12*	*10*	*42*	*10*	*10*	*10*	*10*	*10*	*10*	*10*	*10*	*0*
Bank Recapitalization	*0*	*0*	*0*	*0*	*-100*	*-50*	*-32*	*-50*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Stabilization Funds	*10*	*-10*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Privatization and other exceptional receipts	-76	0	0	0	0	0	-68	0	0	0	0	0	0	0	0	0
Foreign financing	-61	-73	152	214	170	350	41	447	93	427	111	450	53	534	54	103
Loans (net)	-89	-102	152	214	170	350	41	447	93	427	111	450	53	534	54	103
Disbursements	140	169	347	384	277	470	164	529	153	547	213	567	161	614	141	191
Budget borrowings	91	20	301	311	124	280	0	280	0	280	0	280	0	305	0	50
Project loans	49	149	46	73	153	190	164	249	153	267	213	287	161	309	141	141
Amortization	-229	-271	-195	-170	-107	-120	-122	-82	-60	-121	-101	-117	-108	-80	-87	-89
Of which: Glencore	-159	-206	-114	-105	-27	-37	-36	0	0	-36	-36	-31	-32	0	0	0
Debt relief/rescheduling (HIPC)	28	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Gap	**-1**	**95**	**-1**	**-1**	**0**	**0**	**246**	**0**	**379**	**0**	**331**	**0**	**160**	**0**	**109**	**0**
Prospective financing from multilaterals	0	0	0	0	0	0	70	0	73	0	73	0	58	0	58	0
Prospective financing others	0	0	0	0	0	0	131	0	227	0	167	0	0	0	0	0
CCRT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DSSI (Net)	-1	-1	-1	-1	0	0	0	0	0	0	0	0	0	0	0	0
IMF ECF	0	95	0	0	0	0	45	0	79	0	91	0	103	0	51	0
Unidentified financing	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual financing gap	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:																
Non-oil GDP[7]	9,232		9,969	9,969		10,843	10,748	11,653	11,442	12,510	12,100	13,441	12,804	14,438	13,613	14,497
Bank deposits (including BEAC)	162	201	344	163	163	438	141	429	196	516	239	635	214	864	203	178
(In months of domestically-financed spending)	1.1	1.5	2.2	1.0	1.1	2.8	0.9	2.7	1.2	3.1	1.4	3.7	1.2	4.7	1.1	0.9
BEAC advances	477		477	477		461	477	445	477	429	477	413	477	397	477	477

Sources: Chadian authorities; and IMF staff estimates and projections.

[1]Net of cash calls and transportation costs linked to the oil public enterprise (SHT) participation in private oil companies.

[2] Includes transfers of oil derivatives in-kind to the national electricity company (SNE) starting from 2020; value based on fixed price of $46.90 per barrel (in line with the average Brent oil price in 2015-16).

[3]The 2023 budget allocated CFAF 391bn for domestic investment, but the authorities had agreed to cap execution at CFAF 160bn under the ECF program unless there was an agreement with the IMF on additional fiscal space.

[4]Total revenue, less grants and oil revenue, minus total expenditures, less interest payments and foreign financed investment.

[5]Difference between committed and cash expenditure, and errors and omissions.

[6]Including audited arrears and recognized arrears based on the Treasury table "restes à payer".

[7]To enable comparison, and given a significant downwards revision of actual 2023 nominal GDP by the authorities, the Article IV non-oil GDP is assumed to be equal to the preliminary estimates.

Table 3. Chad: Fiscal Operations of the Central Government, 2023–30
(Percent of Non-oil GDP, unless otherwise indicated)

	2023	2024		2025			2026		2027		2028		2029		2030
	Act.	Article IV	Prel.	2025 Budget	Article IV	Proj.	Article IV	Proj.	Article IV	Proj.	Article IV	Proj.	Article IV	Proj.	Proj.
Total revenue and grants	**19.1**	**21.1**	**20.2**	**22.5**	**20.5**	**21.2**	**18.0**	**18.8**	**18.3**	**19.3**	**18.1**	**19.3**	**18.2**	**19.2**	**19.4**
Revenue	18.5	19.1	18.0	18.8	18.1	18.0	15.7	15.3	15.9	15.7	15.7	16.0	15.8	15.8	15.9
Oil[1]	11.5	9.7	9.3	9.2	9.3	8.6	6.7	6.0	6.7	6.1	6.2	6.3	6.0	6.0	5.9
Non-oil	6.9	9.4	8.7	9.5	8.8	9.4	9.0	9.3	9.3	9.6	9.5	9.7	9.8	9.8	10.0
Tax	6.9	7.9	7.7	7.5	8.2	8.2	8.4	8.9	8.7	9.2	9.0	9.4	9.3	9.5	9.7
Non-tax	0.1	1.5	1.0	2.1	0.7	1.2	0.6	0.4	0.6	0.4	0.5	0.4	0.5	0.4	0.3
Grants	0.6	2.0	2.1	3.8	2.3	3.2	2.3	3.5	2.3	3.6	2.3	3.3	2.3	3.4	3.5
Budget support	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	0.6	2.0	2.1	3.6	2.3	3.2	2.3	3.5	2.3	3.6	2.3	3.3	2.3	3.4	3.5
Expenditure	**20.9**	**21.2**	**22.7**	**21.6**	**21.6**	**22.7**	**20.7**	**21.6**	**20.2**	**21.8**	**20.0**	**20.6**	**19.9**	**20.1**	**20.1**
Current	13.9	13.6	14.1	12.5	13.1	13.9	12.1	12.8	11.8	12.4	11.3	12.1	11.0	11.8	11.6
Wages and salaries	6.3	6.4	6.5	6.3	6.3	6.3	6.1	6.1	5.9	5.9	5.9	5.8	5.7	5.6	5.6
Goods and services	1.7	2.4	2.2	2.0	2.3	2.1	2.1	2.1	2.1	2.0	2.0	2.0	1.9	1.9	1.8
Transfers and subsidies[2]	4.5	3.4	3.9	2.8	2.9	3.6	2.8	3.3	2.7	3.2	2.6	3.2	2.5	3.1	3.1
Of which: Transfers to National Electricity Company[2]	1.0	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.7	0.7	0.6	0.7	0.6	0.7	0.6
Of which: food security spending	...	...	...	0.1	...	0.1	...	0.3	...	0.3	...	0.2	...	0.2	0.2
Interest	1.4	1.5	1.5	1.4	1.6	1.8	1.1	1.3	1.0	1.3	0.8	1.1	0.8	1.1	1.0
Domestic	0.9	1.1	1.1	0.7	1.0	1.1	1.0	1.1	0.9	1.0	0.7	0.9	0.7	0.8	0.8
External	0.5	0.4	0.4	0.7	0.6	0.7	0.2	0.3	0.1	0.3	0.1	0.3	0.1	0.3	0.3
of which: Glencore	*0.4*	*0.2*	*0.2*	0.5	0.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment	7.0	7.6	8.6	9.1	8.5	8.8	8.6	8.8	8.5	9.5	8.6	8.5	8.9	8.4	8.4
Domestically financed	5.9	5.1	5.7	4.1	4.4	4.1	4.1	4.0	4.0	4.1	4.1	4.0	4.5	4.0	4.0
Foreign financed[3]	1.2	2.5	2.9	5.0	4.1	4.7	4.5	4.8	4.5	5.4	4.5	4.6	4.5	4.4	4.5
Overall balance (incl. grants, commitment)	**-1.8**	**-0.1**	**-2.5**	**0.9**	**-1.1**	**-1.5**	**-2.7**	**-2.9**	**-2.0**	**-2.6**	**-1.9**	**-1.3**	**-1.7**	**-0.9**	**-0.6**
Non-oil primary balance (excl. grants, commitment)[4]	**-11.5**	**-7.8**	**-9.7**	**-5.7**	**-7.1**	**-6.8**	**-6.1**	**-6.2**	**-5.5**	**-5.6**	**-5.1**	**-5.2**	**-4.9**	**-4.8**	**-4.6**
Float from previous year[5]	-0.1	-0.4	-0.4	-0.3	-0.3	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	-0.3	-0.2
Float at end of period[5]	0.4	0.4	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.3
Var. of Arrears[6]	-0.3	-0.2	-0.1	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Var. of unaudited arrears	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0
Overall balance (incl. grants, cash)	**-1.8**	**-0.4**	**-3.3**	**0.7**	**-1.1**	**-1.5**	**-2.7**	**-3.0**	**-2.0**	**-2.6**	**-1.9**	**-1.4**	**-1.7**	**-1.0**	**-0.6**
Non-oil primary balance (excl. grants, cash)	**-11.4**	**-8.1**	**-10.4**	**-5.9**	**-7.1**	**-6.7**	**-6.1**	**-6.3**	**-5.5**	**-5.7**	**-5.1**	**-5.3**	**-4.9**	**-4.9**	**-4.5**
Errors and omissions	**0.1**	**...**	**-0.3**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	
Financing	**1.8**	**0.4**	**3.5**	**-0.7**	**1.1**	**-0.8**	**2.7**	**-0.3**	**2.0**	**-0.1**	**1.9**	**0.1**	**1.7**	**0.2**	**0.6**
Domestic financing	2.4	-1.2	1.4	-2.3	-2.1	-1.2	-1.2	-1.2	-1.5	-1.0	-1.4	-0.3	-2.0	-0.2	-0.2
Bank financing	1.6	-2.2	-0.4	-0.5	-1.5	-0.3	-0.6	-1.0	-1.3	-0.9	-1.5	-0.4	-2.1	-0.4	-0.1
Central Bank (BEAC)	1.3	-2.4	-0.5	-0.5	-2.1	-0.4	-0.6	-1.1	-1.3	-1.0	-1.5	-0.4	-2.1	-0.4	-0.1
Deposits	1.5	-2.0	-0.1	0.0	-1.5	0.1	0.1	-0.6	-0.7	-0.4	-0.9	0.1	-1.6	0.1	0.2
Advances (net)	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0	0.0
IMF	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	-0.4	-0.4	-0.3
SDR Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks (deposits)	0.3	0.2	0.1	0.0	0.6	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Other financing (net)	1.6	1.0	1.8	-1.9	-0.6	-0.3	-0.6	-0.2	-0.1	-0.1	0.1	0.1	0.1	0.1	0.0
Privatization and other exceptional receipts	-0.8	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign financing	-0.7	1.5	2.1	1.6	3.2	0.4	3.8	0.8	3.4	0.9	3.3	0.4	3.7	0.4	0.7
Loans (net)	-1.0	1.5	2.1	1.6	3.2	0.4	3.8	0.8	3.4	0.9	3.3	0.4	3.7	0.4	0.7
Disbursements	1.5	3.5	3.9	2.6	4.3	1.5	4.5	1.3	4.4	1.8	4.2	1.3	4.3	1.0	1.3
Amortization	-2.5	-2.0	-1.7	-1.0	-1.1	-1.1	-0.7	-0.5	-1.0	-0.8	-0.9	-0.8	-0.6	-0.6	-0.6
Debt relief/rescheduling (HIPC)	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	**0.1**	**0.0**	**-0.3**	**0.0**	**0.0**	**2.3**	**0.0**	**3.3**	**0.0**	**2.7**	**0.0**	**1.3**	**0.0**	**0.8**	**0.0**
Prospective financing from multilaterals	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.6	0.0	0.6	0.0	0.5	0.0	0.4	0.0
Prospective financing others	0.0	0.0	0.0	0.0	0.0	1.2	0.0	2.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0
CCRT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DSSI (Net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMF ECF	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.7	0.0	0.8	0.0	0.8	0.0	0.4	0.0
Unidentified financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:															
Non-oil GDP[7]	9,232	9,969	9,969		10,843	10,748	11,653	11,442	12,510	12,100	13,441	12,804	14,438	13,613	14,497
Total public debt (in percent of GDP)	32.3	32.1	32.8		32.1	33.0	32.9	34.2	33.5	34.7	34.1	33.3	35.4	32.0	31.4
Reference overall balance (in percent of GDP)[8]	-4.5	-1.6	-3.0		-2.1	-1.4	-1.8	-1.2	-2.2	-2.2	-2.4	-1.9	-2.9	-1.8	-1.5
Bank deposits (including BEAC, in percent of GDP)	1.4	2.9	1.4		3.6	1.1	3.3	1.5	3.7	1.7	4.2	1.5	5.5	1.3	1.2
(In months of domestically-financed spending)	1.1	2.2	1.0			0.9		1.2		1.4		1.2		1.1	0.9
BEAC advances	5.2	4.8	4.8			4.4		4.2		3.9		3.7		3.5	3.3

Sources: Chadian authorities; and IMF staff estimates and projections.

[1]Net of cash calls and transportation costs linked to the oil public enterprise (SHT) participation in private oil companies.

[2]Includes transfers of oil derivatives in-kind to the national electricity company (SNE) starting from 2020; value based on fixed price of $46.90 per barrel (in line with the average Brent oil price in 2015-16).

[3]Includes projects financed by the BDEAC, but the corresponding loans (in CFAF) are counted as domestic financing.

[4]Total revenue, less grants and oil revenue, minus total expenditures, less interest payments and foreign financed investment.

[5]Difference between committed and cash expenditure.

[6]Including audited arrears and recognized arrears based on the Treasury table "restes à payer".

[7]To enable comparison, and given a significant downwards revision of actual 2023 nominal GDP by the authorities, the Article IV non-oil GDP is assumed to be equal to the preliminary estimates.

[8]The reference fiscal balance (i.e. the overall budget balance minus 20 percent of oil revenue and minus 80 percent of the oil revenue in excess of the average observed during the 3 previous years) is a CEMAC convergence criteria and must exceed -1.5 percent of GDP.

Table 4. Chad: Balance of Payments, 2023–30
(In percent of GDP, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029	2030
	Act.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Current Account, excl. Budget Grants	**1.6**	**1.0**	**-2.5**	**-3.5**	**-3.2**	**-3.2**	**-3.2**	**-3.4**
Trade Balance	11.7	10.4	7.6	6.1	5.9	6.0	5.9	5.7
Exports, f.o.b.	31.3	30.2	27.4	26.2	25.6	25.5	25.2	24.7
Of which : oil	21.5	20.0	16.1	14.8	14.4	14.3	14.1	13.6
Of which : gold	2.4	2.9	3.8	4.0	3.9	4.0	4.2	4.2
Imports, f.o.b.	-19.6	-19.7	-19.8	-20.1	-19.7	-19.5	-19.3	-19.0
Services (net)	-10.8	-10.1	-10.2	-10.0	-9.7	-9.6	-9.4	-9.2
Income (net)	-2.3	-1.9	-2.3	-1.7	-1.5	-1.4	-1.3	-1.3
Transfers (net)	3.0	2.6	2.4	2.2	2.0	1.7	1.5	1.4
Official (net)	0.9	0.7	0.7	0.7	0.7	0.7	0.8	0.8
Private (net)	2.1	1.9	1.7	1.4	1.2	1.0	0.8	0.6
Financial and Capital Account	**-1.9**	**-0.7**	**0.4**	**0.8**	**1.0**	**2.3**	**2.7**	**3.7**
Capital Transfers	0.5	1.8	2.7	3.0	3.2	2.9	3.0	3.1
Foreign Direct Investment	2.0	1.9	2.6	3.8	4.0	4.3	4.9	4.8
Other medium and long term investment	-4.3	-4.3	-4.4	-5.3	-5.2	-4.7	-4.9	-4.1
Public Sector (excl. Budget Support Loans)	-1.6	-0.8	0.3	0.7	0.8	0.4	0.4	0.6
Private Sector	-2.7	-3.5	-4.8	-6.0	-6.0	-5.1	-5.2	-4.7
Short-Term Capital	-0.1	0.0	-0.5	-0.7	-0.9	-0.2	-0.3	-0.1
Errors and Omissions	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall Balance	**-0.3**	**0.4**	**-2.1**	**-2.6**	**-2.2**	**-0.9**	**-0.5**	**0.3**
Financing	**-0.5**	**-3.0**	**0.2**	**-0.3**	**-0.2**	**-0.2**	**-0.2**	**-0.3**
Change in Official Reserves (decrease +)	0.0	-3.0	0.2	-0.3	-0.2	-0.2	-0.2	-0.3
Exceptional Financing	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: Debt relief	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Exceptional Receipt	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	**0.8**	**2.6**	**2.0**	**2.9**	**2.4**	**1.1**	**0.7**	**0.0**
Foreign Financing (excl. IMF)	0.8	2.6	1.6	2.3	1.7	0.4	0.4	0.0
Budget Support Loans	0.8	2.6	1.6	2.3	1.7	0.4	0.4	0.0
Of which: Prospective Financing from Multilaterals			0.6	0.6	0.5	0.4	0.4	0.0
Of which: Prospective Financing from Others			1.1	1.7	1.2	0.0	0.0	0.0
Program Grants (Current Transfers)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DSSI (Net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMF Financing	0.0	0.0	0.4	0.6	0.7	0.7	0.3	0.0
Of which: IMF ECF			0.4	0.6	0.7	0.7	0.3	
Residual Gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
Current account balance, including official transfers (percent of GDP)	1.6	1.0	-2.5	-3.5	-3.2	-3.2	-3.2	-3.4
Overall Balance of Payment (incl. expected budget support; percent of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap (percent of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports (percent of GDP)	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Of which : oil	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Imports (percent of GDP)	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
FDI (percent of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross imputed reserves (billions of USD)	1.0	1.6	1.6	1.7	1.7	1.8	1.8	1.9

Sources: Chadian authorities; and IMF staff estimates and projections.

Table 5. Chad: Monetary Survey, 2023–30
(In billions of CFAF, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029	2030
	Act.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Net foreign assets	**146**	**765**	**789**	**806**	**806**	**808**	**843**	**934**
Central bank	61	438	469	485	483	483	516	606
Foreign assets	636	991	971	1,005	1,032	1,062	1,089	1,136
Foreign liabilities	-575	-552	-502	-521	-549	-579	-572	-530
Commercial banks	85	327	320	322	323	325	326	328
Foreign assets	130	419	411	413	415	417	419	421
Foreign liabilities	-45	-93	-91	-91	-92	-92	-93	-93
Net domestic assets	**2,056**	**1,810**	**2,095**	**2,366**	**2,620**	**2,885**	**3,128**	**3,327**
Domestic claims	2,163	2,327	2,411	2,454	2,548	2,722	2,865	3,005
Claims on the government (net)	1,212	1,219	1,198	1,138	1,123	1,180	1,193	1,186
Central bank	1,014	976	934	864	839	886	890	874
Claims on general government	1,068	1,047	993	987	1,016	1,047	1,041	1,000
Statutory advances[1]	479	479	480	480	480	480	480	480
Liabilities to general government	-54	-71	-59	-124	-177	-161	-151	-126
Commercial banks	198	243	263	275	284	294	302	312
Claims on general government	309	433	453	464	474	484	492	502
Liabilities to general government	-111	-190	-190	-190	-190	-190	-190	-190
Credit to the economy	951	1,108	1,213	1,316	1,425	1,542	1,672	1,819
Other items (net)	-107	-517	-316	-88	72	164	263	321
Money and quasi money	**2,202**	**2,575**	**2,884**	**3,172**	**3,426**	**3,693**	**3,970**	**4,260**
Currency outside banks	920	945	1,288	1,417	1,530	1,650	1,773	1,903
Demand deposits	1,057	1,314	1,300	1,430	1,544	1,665	1,790	1,920
Time and savings deposits	224	316	296	326	352	379	408	437
Memorandum items:								
Broad money (annual percentage change)	14.6	17.0	12.0	10.0	8.0	7.8	7.5	7.3
Credit to the economy (annual percentage change)	11.0	16.5	9.5	8.5	8.3	8.2	8.4	8.8
Credit to the economy (percent of GDP)	8.4	9.2	9.7	10.1	10.3	10.6	10.8	11.1
Credit to the economy (percent of non-oil GDP)	10.3	11.1	11.3	11.5	11.8	12.0	12.3	12.5
Velocity (non-oil GDP)	4.2	3.9	3.7	3.6	3.5	3.5	3.4	3.4
Velocity (total GDP)	5.1	4.7	4.3	4.1	4.0	3.9	3.9	3.8

Sources: Chadian authorities; and IMF staff estimates and projections.

[1] Includes statutory and exceptional advances.

Table 6. Chad: Structural Benchmarks and Prior Actions for the ECF Arrangement 2025-26

	Objective of the ECF	Prior Actions
1.	Raise non-oil revenues	Issue a decree (*Arrêté*) establishing export and import duties of 5% on certain products, other than essential goods and nontaxed products (detailed in the MEFP ¶18), and up to 10% on antimony, unprocessed copper, and electric engines.
2.	Raise non-oil revenues	Issue a decree (*Arrêté*) requiring the e-payment of taxes, fees and direct and indirect duties through banks and mobile telephone operators.
3.	Raise non-oil revenues	Issue a directive (*Directive*) to close and suspend the opening of customs offices and posts that do not have an e-payment system and ASYCUDA.
4.	Contain the wage bill	In consultation with the Minister in charge of the Civil Service and by exchange of letters, suspend (i) new hires in the non-priority civil public sector (detailed in the MEFP ¶21), beyond the commitments made in the 2025 budget law, until the end of 2026, as well as (ii) interministerial movements of agents, except in cases of agents joining the education, higher education, or health sectors to work as teaching and health staff ; and (iii) make numerical replacements, position by position, conditional on the submission of deletion (radiation) acts, death and retirement certificates.
5.	Strengthen governance and improve transparency in the oil sector	The authorities will provide IMF staff with the progress report on the audit of oil revenues since 2020 and the establishment of a visualization system (Data Analytics) for the management of oil revenues in Chad.
6.	Strengthen financial programming and fiscal transparency	Amend Decree #3361/PT/PM/MFBCP/2023 to upgrade the pre-authorized spending (DAO) management module in SIGFiP to allow for the sequestration of the portion of the budget line necessary for the regularization of each DAO.
7.		Finalize and adopt, in Cabinet, the National Development Plan (Chad Connection 2030).

Table 6. Chad: Structural Benchmarks and Prior Actions for the ECF Arrangement 2025-26 (continued)

	Objective of the ECF	Structural Benchmarks
		First Review
1.	Raise non-oil revenues	Include in the draft 2026 budget law (i) the imposition of the specific tax on other tobacco and tobacco substitutes (shisha) and on cosmetic products with hydroquinone (detailed in the MEFP ¶18); (ii) new taxable values for the import of agricultural products, milk, luxury goods and some products harmful to health (detailed in the MEFP ¶18).
2.	Raise non-oil revenues	Conduct an audit by the General Inspectorate of Finance (IGF) of VAT credit stocks and submit the audit report to IMF staff, negotiate an agreement to clear the VAT credits validated by the audit, allocate 15 percent of VAT revenues to the VAT escrow account at BEAC, and establish a refund protocol to facilitate the VAT refund mechanism.
3.	Contain the wage bill	Develop a plan to implement the recommendations from the report of the National Commission on the Biometric Census of Civil Servants, made available to IMF staff.
4.	Strengthen governance and improve transparency in the oil sector	Publish the audit of oil revenues since 2020 and the implementation of a visualization system ("Data Analytics") for the management of oil revenues in Chad, by end-November 2025.
5.	Strengthen financial programming and fiscal transparency	Submit the draft Settlement Law (*Loi de Règlement*) necessary to the Court of Accounts for the final report on the implementation of the 2024 budget law and grant them access to SIGFiP, in compliance with the legal provisions, by end-August 2025.
6.	Raise non-oil revenues	Include in the 2026 budget law the implementation of the standardized electronic invoicing across the public sector.

Table 6. Chad: Structural Benchmarks and Prior Actions for the ECF Arrangement 2025-26 (concluded)

		Second Review
7.	Improve financial stability	Submit to COBAC, before end-December 2025, i) the restructuring plan of BCC, ii) the revised restructuring plan of CBT, iii) the requests for opinions (*avis conforme*) related to the sale of BAC and BHT.
8.	Strengthen financial programming and fiscal transparency	Issue a decree (*Arrêté*) specifying and strengthening the provisions of the General Regulation on Public Accounting relating to the status of public accountants on the one hand and propose an amendment to certain provisions of the tax procedure code relating to the exercise of certain functions within the framework of the Tax Procedure Code (TPC) and the General Tax Code (GTC), with the support of IMF staff.
9.	Strengthen inclusion and access to public services	Develop the organization related to the implementation of the unified social registry, which will allow to expand national coverage, with the support of IMF staff.
		Periodic Structural Benchmarks
1.	Strengthen financial programming and fiscal transparency	Publish a quarterly TOFE on accrual basis, validated by the Public Finance Monitoring Committee, starting from January 2026.
2.	Strengthen financial programming and fiscal transparency	Publish a report on consolidated debt statistics and forecasts and prepare a quarterly expenditure commitment plan based on draft budgets, accompanied by a cash flow plan and debt management strategy, and incorporate a summary in the draft budgets from the 2026 budget law onwards.
3.	Enhance transparency and raising non-oil revenues	Publish an annual list of all tax incentives granted, including renewals and extensions, indicating the relevant legal provisions, starting from the 2026 budget law onwards.
4.	Ringfence the budget from oil shocks	Submit to the National Assembly a draft revised budget law to adjust expenditures when the impact of price declines on budgeted oil revenues is greater than or equal to 30%, starting with the 2026 budget law.
5.	Contain the wage bill	Ministry of Finance to publish automatic adjustments to remunerations in the annual budget law. The awarding of allowances and promotions by category and grade must be done within the ceilings defined in the budget, starting with the 2026 budget law.

Table 7. Chad: Quantitative Performance Criteria (QPC) and Indicative Targets (IT)* under the ECF Arrangement, June 2025–Dec 2026
(In billions of CFAF, unless otherwise indicated)

	End-June 2025 QPCs	End-September 2025 ITs	End-Dec 2025 QPCs	End-March 2026 ITs	End-June 2026 ITs	End-Dec 2026 ITs
	Proposed	**Proposed**	**Proposed**	**Proposed**	**Proposed**	**Proposed**
Quantitative Performance Criteria						
1. Ceiling on new external arrears of the government and non-financial public enterprises[1]	0	0	0	0	0	0
2. Ceiling on contracting or guaranteeing new non-concessional external debt by the government and non-financial public enterprises[1]	0	0	0	0	0	0
3. Floor on non-oil primary budget balance (NOPB)[2]	-301	-507	-728	-142	-290	-709
4. Floor on government tax revenue, excluding tax revenue from oil companies[3]	436	650	876	234	506	1016
5.Ceilling on wages and salaries	332	505	678	167	340	693
Indicative Targets						
6. Pre-authorized spending procedures-DAO (Percent of primary spending)[4]	*30*	*28*	*25*	*23*	*20*	*15*
7. Ceiling on net domestic government financing[3]	14	80	-125	82	61	-133
8. Ceiling on the stock of domestic payment arrears by the government[5]	184	179	174	172	169	167
9. Floor for social spending on cash-transfers and school feeding programs			0.5	0.9	1.8	3.6
Memorandum items:						
10. Oil Revenue	*452*	*686*	*920*	*158*	*337*	*686*
11. Grants	*139*	*222*	*346*	*62*	*162*	*401*
12. External concessional borrowing	*92*	*136*	*410*	*28*	*104*	*532*

Sources: Chadian authorities; and IMF Staff.
* The adjustors for the QPCs and ITs are defined in the TMU.
1/ Applies continuously.
2/ NOPB: Non-oil revenue less grants, minus domestically financed primary expenditure (ie. expenditure, less net interest payments and foreign financed investment). This excludes inkind transfers to the national electricity company (SNE).
3/ See TMU.
4/ DAO is defined as all expenditures which do not go through the standard spending procedure. Regularization of DAO consists in recording the expenditure in the correspondent line of the budget. This will be done within 45 days after the end of the quarter. The IT will be calculated cumulatively from the beginning of the year.
5/ Stock of verified arrears as definied In line with the TMU.

Annex I. Ex Post Peer Reviewed Assessment[1]

A. Overview of Fund Engagement with Chad

1. Chad requires Long-Term Program Engagement (LTPE) review following three successive IMF-supported programs over the last decade. Successive Extended Credit Facility arrangements (ECF) – approved in 2014, 2017, and 2021 – have aimed to address Chad's protracted balance of payments needs. The rationale for this prolonged engagement, described in the Country Engagement Strategy (CES), stems from Chad's high vulnerability to external shocks (especially oil price volatility, natural disasters, and regional security crises), weak institutional capacity, low investment attractiveness, limited financing options, and entrenched poverty. Persistent challenges in macroeconomic management and debt sustainability required ongoing Fund support to restore stability and implement reforms over an extended period. Each ECF-supported program was intended to stabilize the economy after a crisis and lay the groundwork for sustained, inclusive growth, with the understanding that a longer-term reform horizon was needed given Chad's fragile context. Notably, the 2014 program coincided with Chad's completion of the HIPC debt relief process, the 2017 program supported a post-oil-shock stabilization and debt restructuring effort, and the 2021 program was designed around the management of the COVID19 pandemic and the debt treatment under the G20 Common Framework. Together, these programs attest to the Fund's continuous engagement to help Chad overcome immediate crises while addressing long-standing structural issues – a protracted effort that defines Chad's LTPE status. However, despite strong commitment from the authorities at the outset of each program, implementation faced challenges due to oil price volatility, regional security issues, humanitarian crises, political disruptions, including a critical political transition between April 2021 and February 2025, and climate-related shocks. While some progress was made in structural reforms and fiscal adjustments, the ultimate objectives were not fully achieved. Nevertheless, the programs laid important groundwork for future economic stability, including supporting successful external debt restructuration.

Text Table I.1. Chad: UCT Lending Arrangements, 2014-21

	Date of Arrangement	Duration	Cumulative Approved Access		Amount Drawn	Completed Reviews
			Percent of Quota	*SDR million*	*SDR million*	
ECF	**August 1, 2014**	36 months	57	79.9		4 *(out of 6)*
augmentation	April 27, 2015		76	106.6		
augmentation	November 11, 2016	*+ 4 months*	100	140.2	98.3	
ECF	**June 30, 2017**	36 months	160	224.3	196.3	5 *(out of 6)*
ECF	**December 10, 2021**	36 months	280	392.6	168.2	2 *(out of 6)*

Source: IMF.

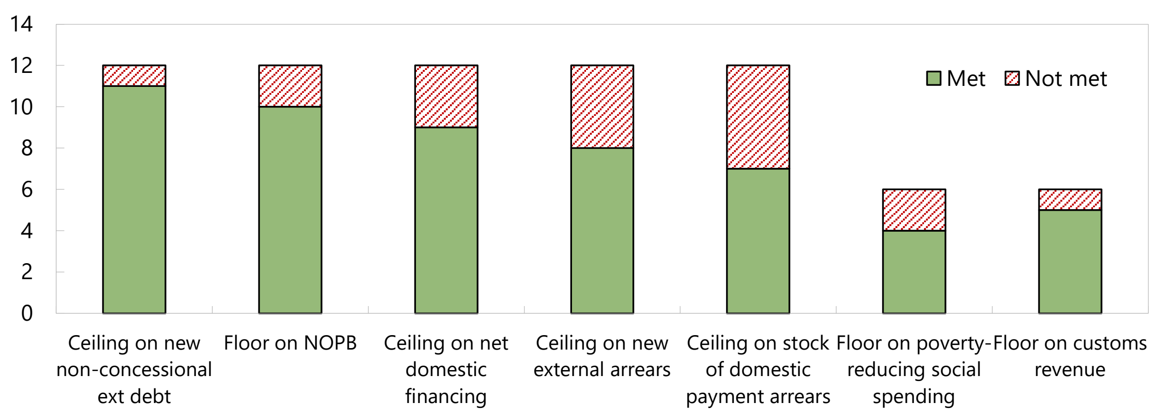
[1] Prepared by Jorge Retana de la Peza, Clement Marsilli, and Selina Lehmann, and peer reviewed by Axel Schimmelpfennig.

B. Program Performance

2. Chad's performance under the Fund's ECF-supported programs in 2014, 2017, and 2021 was mixed. In terms of quantitative performance criteria, the ceiling on new non-concessional external debt and the floor on the non-oil primary balance were most frequently met, with the ceilings on new external arrears and on the stock of domestic arrears having been most frequently missed, highlighting persistent fiscal sustainability, liquidity, and debt management issues. The floor on social spending was also frequently missed, underlining the challenges to protect social spending in periods of fiscal adjustment. The implementation of structural reforms supported by the programs was uneven, as highlighted by the fact that around 20 percent of structural benchmarks (SBs) were not met across programs and a further 15 percent were met but with delays. The level of implementation across key areas was broadly in line with the CEMAC averages, most notably with regards to measures to enhance fiscal transparency and expenditure controls, where the authorities showed significant commitment to achieve QPCs on wage bill control and ultimately fiscal balances. The share of met structural conditionality on revenue mobilization was, however, somewhat lower than the regional average.

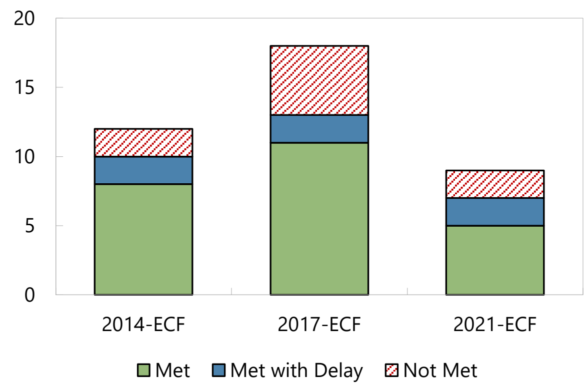
Text Figure I.1. Chad: Quantitative Performance Criteria

(2014, 2017 and 2021 ECF-supported Programs)



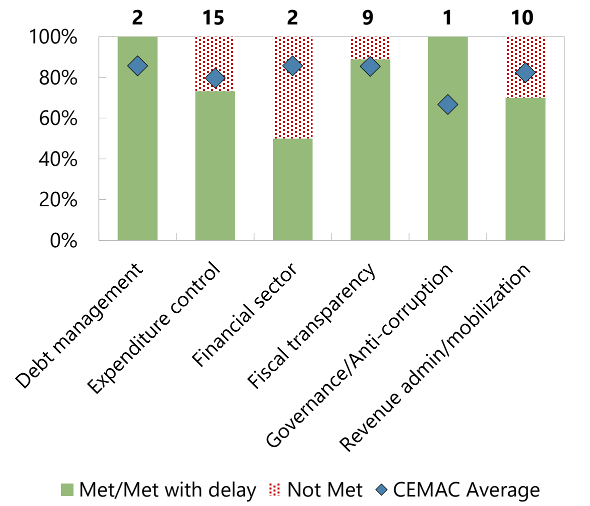
Source: IMF staff calculations.

Text Figure I.2. Chad: Structural Benchmarks
(Count by Program)



Source: IMF staff calculations.

Text Figure I.3. Chad: Structural Benchmarks
(2014, 2017 and 2021 Programs, by Topic)



Note: CEMAC Average shows average share of SBs Met/Met with delay for programs from 2014 onwards, for only SBs related to the categories in the chart. The number on top of each column indicates the total number of SBs per category for Chad.

ECF 2014-2017

- **Context and objectives:** In August 2014, the IMF approved a new 36-month ECF arrangement for Chad (SDR 79.9 million, 57 percent of quota), which saw a first augmentation (to SDR 106.6 million, 76 percent of quota) in April 2015 and a second augmentation (to SDR 140.2 million, 100 percent of quota) and a 4-month extension in November 2016**.** The 2014 program focused on fiscal consolidation, PFM reforms, and enhancing transparency. The program also supported Chad's efforts to reach the HIPC Completion Point in 2015, yielding significant debt relief (a 24 percentage point improvement in the present-value of debt to exports ratio). However, the program was hit by a sharp and sustained decline in global oil prices in 2015, with government oil revenues falling by more than 70 percent. This led to an augmentation and some rework of program conditionality, but the sheer size of the shock led to further difficulties to reach fiscal targets. This was compounded by a spike in fiscal pressures from regional security spending. Real GDP growth, which had averaged around 6 percent during 2010–15, turned sharply negative in 2016 as oil activity contracted and fiscal tightening hit the non-oil economy. Inflation remained low, below 3 percent, reflecting weak demand.

- **Program implementation and conditionality:** Despite this unfavorable environment, the authorities demonstrated significant commitment to the program, meeting most of the quantitative performance criteria for the four completed reviews, particularly those relating to the fiscal balance, leading to two successive augmentations of access. Despite these efforts, the oil shock and its macroeconomic impact proved too severe. Revenue shortfalls led to an accumulation of payment arrears and a liquidity crisis. Structural reform implementation slowed, and the weakening fiscal position made program targets increasingly non-viable.

- **Program outcomes:** The 2014 ECF-supported program went off-track in late 2016, largely due to the protracted oil shocks. The program achieved short-term stabilization – reducing the non-oil primary deficit and keeping inflation in check. To stabilize the situation, donor support was catalyzed – the program's augmentation and extensions, along with budget support from donors, helped finance urgent needs. Chad also restructured a large oil-collateralized loan with Glencore to ease liquidity pressures. Despite this, growth fell sharply, with real GDP down by about 4 percent in 2016 and poverty worsened. In sum, the ECF arrangement critically provided a policy anchor during challenging times, facilitated debt relief, and catalyzed financing from donors but its objectives could not be fully realized under the severe oil shock.

- **Takeaways:** The experience underscored the need for more contingency planning and flexibility in a fragile environment like Chad and underscored the need for a comprehensive solution to address Chad's debt vulnerabilities.

ECF 2017-2020

- **Context and objectives:** In June 2017, the IMF approved a new 36-month ECF arrangement for Chad (SDR 224.32 million, 160 percent of quota), following the cancellation of the previous program. The program aimed to restore macroeconomic stability, reduce debt vulnerabilities, and advance structural reforms following the 2014–16 oil shock. Chad was still facing significant challenges as oil prices remained low, growth was negative (real GDP contracted 1.6 percent in 2017), and the government faced a large external debt overhang (including the large oil collateralized debt). Thus, a cornerstone of the 2017 program was reaching a comprehensive debt restructuring agreement with external commercial creditors. The program also aimed to deepen fiscal adjustment and diversify the budget toward non-oil revenues and more efficient spending.

- **Program implementation and conditionality: The program performance was** satisfactory, with five out of six reviews completed on time and only one waiver required. Notable progress was made in clearing domestic arrears, improving budget execution, and strengthening oversight in the oil sector. While some external arrears accumulated, the completion of an audit of domestic arrears and the implementation of a repayment plan marked important structural achievements. Notably, the Chadian government successfully negotiated a second restructuring of the Glencore debt in 2018, which alleviated short-term debt pressures. With the global COVID-19 pandemic spread in 2020, program objectives and policies needed to shift to save lives and support collapsed economies. As in many countries around the globe, public health needs, economic disruptions, terms of trade shocks and a drop in oil revenues led to renewed fiscal pressures and forced a realignment of priorities. Given the unprecedented impact of the pandemic, the program was cancelled to secure Rapid Credit Facilities (RCF) in April 2020 (for 60 percent of quota) and July 2020 (for 35 percent of quota).

- **Program outcomes:** Prior to the COVID-19 pandemic, Chad had made important strides in stabilization, although underlying vulnerabilities persisted. Fiscal adjustment under the program was significant with the overall fiscal balance improving from a deficit of 2.2 percent of non-oil GDP in 2016 to a surplus by 2018, and the stock of domestic arrears was reduced. Public debt dynamics improved after the 2018 restructuring – external debt fell from about 22 percent of GDP in 2017 to 20 percent in 2019. Meanwhile, economic growth remained modest and fragile, as the non-oil economy struggled to pick up momentum and poverty levels stayed elevated. When the COVID shock hit, real GDP growth stalled in 2020, and debt ratios spiked again. Overall, the second ECF-supported program achieved significant success as it maintained macro stability through an extremely difficult period and delivered a critical debt restructuring, but with the covid shock it fell short of putting Chad back on a durable growth path.

- **Takeaways:** The premature termination due to COVID-19 highlighted the role of unforeseen shocks in fragile environments, despite sound program implementation.

ECF 2021-2024

- **Context and objectives:** In the aftermath of the COVID shock, Chad requested a new 36-month ECF arrangement, which was approved in December 2021 for SDR 392.56 million (280 percent of quota). This third program was launched under exceptionally complex circumstances. Chad faced debt sustainability issues once again– despite previous relief efforts – and in early 2021 it became the first country to seek a debt treatment under the G20 Common Framework. The authorities were also managing a critical political transition following the death of President Idriss Déby in April 2021, alongside unprecedented humanitarian challenges emanating from the conflict in Sudan,[2] and climate shocks. The 2021 ECF-supported program aimed squarely at a comprehensive debt restructuring and post-pandemic economic recovery. Its key objectives were to: (i) support the recovery from the COVID-19 shock, while securing macroeconomic stability; (ii) advance the authorities' structural reform agenda, including to strengthen governance and tackle corruption, to support inclusive green growth and poverty reduction, as well as address fragilities; and (iii) restore debt sustainability via growth-friendly fiscal consolidation and an ambitious debt restructuring. Macroeconomic targets included a gradual fiscal consolidation (anchored by a non-oil primary deficit path consistent with debt sustainability) and rebuilding foreign reserves.

- **Program implementation and conditionality:** Chad was the first country to receive a restructuring under the G20 Common Framework, which resulted in a successful reprofiling agreement with its largest private creditor, Glencore, progressively reducing risk of distress and ensuring debt sustainability. However, protests related to social tensions and the political transition broke out across Chad in October 2022 and disrupted policy implementation, delaying structural reforms. Fiscal slippages emerged, and the third review could not be completed. Unforeseen developments, including the war in Sudan and its massive negative spillovers for Chad, notably through significant inflows of refugees and returnees, as well as the need to secure

[2] Refugees from Sudan grew from about 555,000 in end 2021, 593,000 in end 2023, 1.97 million in end 2023, to 1.26 million in end 2024, according to UNHCR.

the Eastern border, further complicated the situation. The combination of political instability, regional spillovers, and reform delays resulted in the program's lapse in June 2024, after 18 months without a completed review.

- **Program outcomes:** Despite the program lapsing after only 2 reviews, it facilitated some important achievements. Most critically, Chad's debt was restructured under the Common Framework, improving the debt profile and reducing external debt service in 2024. However, many program goals remained only partly fulfilled. Structural reform implementation was slow and uneven. Fiscal discipline issues re-emerged as pressures to finance pre-election investment spending, security, humanitarian, and social needs mounted during the transition. In sum, the third ECF arrangement helped Chad navigate a complex debt workout and recovery phase from the COVID19 pandemic, but a critical political transition hampered the achievement of its structural long-term goals.

- **Takeaways:** The experience underscored the need for more contingency planning and difficulties to implement program commitments in the context of political transitions.

C. Lessons for Future Fund Engagement and Programs

3. Chad's experience under three successive ECF-supported programs reflects both the promise and the limitations of Fund engagement in fragile settings. Despite substantial challenges, Chad's successive IMF-supported programs delivered important macroeconomic and structural outcomes. Notably, debt sustainability improved significantly through milestone debt relief initiatives—Chad reached the HIPC Completion Point under the 2014 arrangement, secured a landmark restructuring of commercial debt during the 2017 program, and successfully negotiated the first G20 Common Framework debt treatment in 2022. These efforts substantially reduced external debt burdens and improved medium-term fiscal sustainability. The programs also contributed to macroeconomic stabilization following severe shocks, enabling Chad to avoid deeper fiscal and economic crises. Critical reforms, such as improved oil revenue transparency, widened tax base, digitalization of public services, public financial management reforms, and strengthened frameworks for fiscal governance, represent important structural gains. Collectively, these achievements have set a stronger foundation for future growth and poverty reduction, provided continued reform momentum is maintained. However, the challenges to complete programs highlight several cross-cutting challenges. Those under the authorities' control relate to (1) insufficient contingency planning, (2) weak institutional capacity, (3) uneven program ownership and commitment to reforms, (4) weak debt management and carrying capacities, (5) inadequate social safety nets, and (6) weak governance and transparency. Ultimately, Chad's high vulnerability to external shocks, especially oil prices volatility, natural disasters, and regional security also weighted significantly on program performances.

4. The following key lessons can be drawn from the Fund's program engagement with Chad over the last decade:

The key lessons are that programs must be *tailored to realistic implementation capacity* and *integrate some elements of flexibility and contingency* given that Chad has limited institutional capacities and is subject to large and frequent external shocks. Conditionality should focus on a *critical few reforms* and be supported with well-timed and *tailored technical assistance and capacity development*. Future program engagement should incorporate capacity development plans and enhance coordination with donors, to ensure that reforms are implementable within program timelines. *Realistic pacing of reforms*, with contingency plans if capacity bottlenecks emerge, will improve the likelihood of meeting structural objectives.

- **Program design and flexibility:** The sequencing of Chad's programs underscores the need for adaptive program design in the face of external shocks. The Fund showed flexibility by augmenting access and rephasing the 2014 ECF arrangement in the face of the oil shock. Later, during COVID-19, switching to RCF financing allowed timely support. A key lesson is that program targets and design should be adjusted proactively as conditions not under the direct control of the authorities change significantly – for instance, introducing adjustors for oil revenue swings or allowing higher temporary deficits for emergency spending. Crisis response can be integrated with program frameworks without abandoning reform objectives. Future arrangements would benefit from clearly defined shock clauses or contingent measures.

- **Capacity constraints and structural reforms:** Chad's experience highlights that limited administrative capacity and institutional weaknesses can impede program implementation. Across all three programs, numerous structural benchmarks were delayed or unmet due to capacity shortfalls or overstretched administrative resources. For example, establishing a Treasury Single Account and strengthening expenditure controls proved challenging amid weak institutional capacity and competing urgent priorities.

- **Enhancing ownership:** Chad's experience illustrates the importance of sustained authorities' ownership for successful reform implementation. While initial commitment was typically strong, particularly during acute crises, political support and policy discipline often waned as political priorities shifted. Future programs should therefore explicitly structure incentives to reinforce sustained ownership and commitments, and setting prior actions or critical benchmarks tied to structural reforms with significant impact. Clear alignment of IMF support with domestic reform programs—coupled with strategic communication to reinforce political buy-in—can strengthen authorities' incentives to maintain reform momentum even after initial crises abate.

- **Addressing debt sustainability issues upfront:** A clear lesson from Chad's LTPE is the paramount importance of decisive and timely debt operations to restore sustainability. Chad underwent debt reworks in 2015, 2018, and 2021 – each increasingly comprehensive – illustrating that insufficiently comprehensive measures can lead to repeated crises. The 2015 rescheduling provided temporary relief, but left debt risks high, necessitating a deeper 2018 restructuring, which proved insufficient once the COVID19 pandemic struck. For countries with structural debt sustainability issues, program success hinges on upfront measures to sustainably reduce the risk of debt distress. The Common Framework experience shows the value of coordinating creditors (official and private) under a single umbrella to support a sustainable debt rework. However, delays in the process also reveal that program timelines may need to be aligned with protracted debt negotiations. In addition, strengthening debt management capacity is vital to prevent a re-accumulation of unsustainable debt. Overall, ensuring debt sustainability through well-calibrated relief and disciplined new borrowing is a prerequisite for durable program exit.

- **Protected and more effective social spending:** Maintaining adequate social and poverty-reducing spending during fiscal consolidation has been a consistent challenge. All three ECF programs included indicative targets to protect priority social spending, yet in practice these were at times hard to meet when revenues collapsed. The lesson is that programs should not only prioritize and ring-fence critical social programs but also support more effective and targeted social spending (e.g., targeted cash transfers), even if that means a slightly slower pace of fiscal adjustment. In low-income, fragile contexts, visible social gains are essential for sustaining public support for reforms. Thus, better targeting of subsidies, expanding cash transfer programs, and tracking social indicators should be integral to program design.

- **Strengthening governance and transparency:** Governance weaknesses consistently hindered program implementation across all three ECF arrangements, reflecting Chad's deep-rooted institutional challenges. Despite some incremental, persistent issues—especially weak expenditure controls, reliance on pre-authorized spending procedures, and delays in implementing anti-corruption measures—significantly undermined fiscal discipline and reduced the effectiveness of reform efforts. Chad's experience underscores that future programs must continue to integrate governance reforms in conditionality. Strengthening fiscal transparency, rigorously limiting pre-authorized spending procedures, systematically auditing state-owned enterprises, strengthening the judicial system, and enforcing anti-corruption legislation can help improve resource allocation, bolster public trust, and create a more credible basis for durable reforms.

- **How to manage residual risks that are difficult to mitigate:** irregular transitions, the impact of civil wars in neighboring countries etc. At what point to pause the program and when to continue?

D. Authorities' Views

5. The authorities broadly agreed with Staff's assessment of Chad's program engagement with the Fund over the last 10 years. They noted that implementation challenges largely stemmed from repeated and severe external shocks, including oil price collapses, the COVID-19 pandemic, and regional security and humanitarian crises, rather than a lack of commitment to reforms. They emphasized that Chad remains highly vulnerable to such exogenous events and underlined the importance of program design that integrates flexibility, contingency mechanisms, and well-sequenced structural measures adapted to capacity constraints. The authorities reaffirmed their strong ownership of the reform agenda and expressed a renewed commitment to pursuing macroeconomic stability and structural transformation.

Annex II. Estimating Artisanal Mining Output in Chad

1. Artisanal mining extraction is difficult to measure and previous GDP estimates for Chad included only small amounts of mining activity. Artisanal mining is a form of informal production that is often not officially recorded. Many countries in the region face similar challenges and rely on irregular estimates with large ranges of uncertainty. It is difficult to identify the ultimate source of production in many cases, given that many artisanal mining sites are close to borders between fragile and conflict-affected states and materials can often be transported via unregulated channels. Previous GDP estimates for Chad suggested that non-oil mining extraction represented just over 2 percent of GDP.

2. Some research has found evidence that artisanal mining activity could be larger than previously estimated across a number of SSA countries and a range of indicators suggest that could also be the case for Chad. Some Africa-wide studies have found evidence that artisanal mining could be generating significant revenues within the informal sector.[1] Trade mirror statistics from Chad's trade partner countries also show substantial mineral exports from Chad—most notably gold—with exports to the United Arab Emirates estimated at USD 1.1 billion in 2023. Tax data collected by the Chadian authorities are also consistent with these estimates and suggest that artisanal gold extraction alone was around 5 tons in 2024 and is on course to be higher still in 2025, as high global gold prices encourage additional extraction activity.

3. While artisanal mining has been prevalent in Chad for some time it is thought to have gained additional momentum over recent years. Initial gold discoveries were made in the Tibesti and Fitri regions in 2013 and 2015, respectively.[2] Antimony has also been mined more recently. Artisanal and small-scale mining (ASM) is estimated to employ around 300,000 people.[3] By assuming that the growth of mineral extraction in Chad followed the path implied by Chad's exports of gold according to the trade mirror statistics, it is possible to reproduce a time series of mineral extraction in Chad since 2012. At current global gold prices, this would imply that artisanal mineral extraction would be around 3.8 percent of GDP in 2025. For comparison, oil extraction represents 13.7 percent of GDP in Chad.

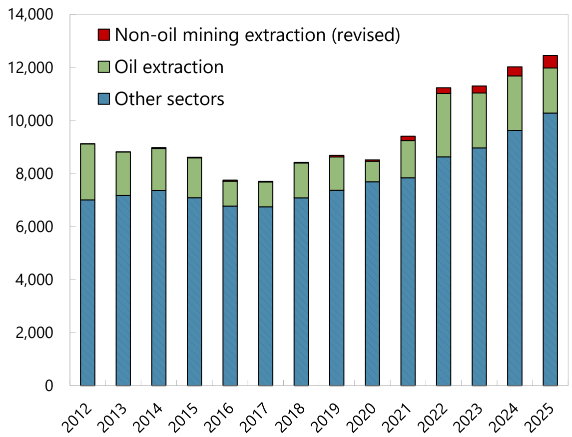
4. Future projections for artisanal mining are based on the authorities' latest estimates and will depend on any future reforms. Artisanal mining extraction is expected to continue to grow strongly beyond 2025, consistent with global gold prices remaining elevated over the medium term. Between 2026 and 2030, non-oil mining extraction growth is expected to average 6.5 percent per year and contribute 0.3 percentage points to overall GDP growth. Future projections will also depend on the government's reforms in this area, for example the extent to which mining production is formalized in future and the potential involvement of foreign firms.

[1] See the Swissaid study 'On the Trail of African Gold', published in May 2024

[2] See the 2021 EITI report on Chad, published in February 2024.

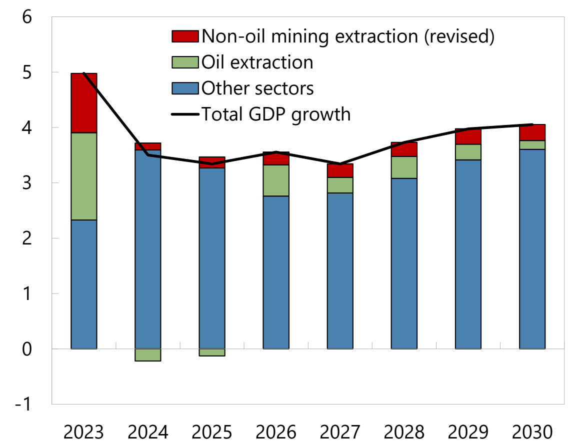
[3] Based on estimates by the African Minerals Development Centre (AMDC).

Figure II.1. Chad: Nominal GDP Including Revised Extraction Activity
(CFAF billions)



Sources: Chadian authorities and IMF staff calculations.

Figure II.2. Chad: Contributions to Real GDP Growth from Extraction Activity
(Percentage points)



Sources: Chadian authorities and IMF staff calculations.

Annex III. Enhanced Safeguards

This annex discusses the composition and evolution of debt, in particular multilateral debt (ES1A), Chad's capacity to repay the Fund (ES1B), and the program objective to reduce debt vulnerabilities (ES2).

1. The size of Chad's de facto senior debt plus other multilateral and collateralized debt as a share of total external debt is below 50 percent at program initiation but is projected to rise to 50 percent over the medium term under the baseline projection (Text Table III.1). These ratios are below the mean and median for PRGT programs and indicate a significant buffer of restructurable debt. At program initiation, debt held by institutions afforded preferred creditor status, the IMF, World Bank, other development banks[1] account for 34.3 percent of PPG external debt. Including debt held by the BDEAC, the development bank of the CEMAC region, which claims, despite it being an international financial institution, its claims are potentially subject to restructuring, brings the total to 42 percent. Debt owed to the commercial creditor Glencore (6.2 percent of external debt at end-2024), which includes an oil revenue clause in the reprofiled repayment terms following its restructuring in 2022, is the only collateralized debt held by Chad. The combined share of multilateral and collateralized debt is projected to increase to 50 percent of PPG external debt by 2027. Despite the scaling up in financing from the United Arab Emirates, overall bilateral support should remain around half of the external debt. The authorities do not intend to contract any new non-concessional debt with other bilateral or private partners.

2. The share of multilateral debt to external debt is significantly higher than PRGT-eligible countries. In the absence of other sources of finance, multilateral creditors, including the regional development bank, account for more than 40 percent of Chad's external debt stock. Half of this debt is owed to the IMF under the Poverty Reduction and Growth Trust (PRGT), more than twice the median of PRGT-eligible countries. In percent of GDP, this difference in significantly smaller, but Chad remains above the interquartile range of countries. Debt to World Bank only accounts for 5 percent of external debt through IDA, the Bank's engagement is in fact significantly higher; all recent support from the World Bank has been provided through project financing in the form of grants.

3. The debt owed to Swiss commercial commodity trader Glencore is Chad's only external collateralized debt. Debt reimbursement agreement features a cash sweep clause that ties debt repayments to oil prices. In November 2022, Glencore and the government of Chad reached an agreement for debt treatment, involving a reprofiling of repayments from 2023 to 2026 without a "haircut" or reduction in the debt's net present value. Due to a cash sweep clause that led to accelerated reimbursements while oil prices were elevated, the debt to Glencore was down from 20 percent of external debt at the end of 2022, to 6 percent at the end of 2024.

[1] the Islamic Development Bank, the European Bank for Reconstruction and Development, the OPEP, and the Arab Bank for Economic Development in Africa.

4. Chad's capacity to repay the Fund is assessed to be adequate, but it is subject to significant risks. Chad has a good track record in meeting its obligations to the Fund and other multilateral creditors. In addition, the proposed economic program will provide a policy anchor to limit the risks. In particular, the framework will be anchored by a debt-to-GDP target, below 33 percent of GDP. Nevertheless, DSA concludes to high risk of debt distress, as significant risks surround the outlook. Key concerns include the heavy reliance on oil sector revenues, which are vulnerable to external price shocks, and the dependence on external financing, which is subject to geopolitical risks and potential reductions in Official Development Assistance. Should these risks materialize, they could potentially lead the country into an extreme humanitarian crisis and push the economy into a recession, increasing its vulnerability to debt events.

Text Table III.1. Chad: Debt Composition 2024-27, end-2024

	Debt Stock											
	2024	**2025**	**2026**	**2027**	**2024**	**2025**	**2026**	**2027**	**2024**	**2025**	**2026**	**2027**
	US$				*Percent of GDP*				*Share of External Debt*			
Total Debt 1/	**6,045**	**6,549**	**7,142**	**7,637**	**31.5**	**31.8**	**33.1**	**33.6**	-	-	-	-
External 1/	**3,056**	**3,444**	**4,125**	**4,774**	**15.9**	**16.7**	**19.1**	**21.0**	**100**	**100**	**100**	**100**
Multilateral and International Creditors 1/	**1,283**	**1,533**	**1,855**	**2,310**	**6.7**	**7.5**	**8.6**	**10.2**	**42.0**	**44.5**	**45.0**	**48.4**
o/w: IMF PRGT 1/	634	625	656	703	3.3	3.0	3.0	3.1	20.7	18.1	15.9	14.7
o/w: World Bank IDA	140	234	349	423	0.7	1.1	1.6	1.9	4.6	6.8	8.5	8.9
o/w: BDEAC (the Dev. Bank of the CEMAC)	226	180	163	146	1.2	0.9	0.8	0.6	7.4	5.2	3.9	3.1
Bilateral Creditors	**1,569**	**1,769**	**2,128**	**2,384**	**8.2**	**8.6**	**9.9**	**10.5**	**51.4**	**51.4**	**51.6**	**49.9**
Paris Club	115	131	122	113	0.6	0.6	0.6	0.5	3.8	3.8	3.0	2.4
Non-Paris Club	1,454	1,638	2,007	2,271	7.6	8.0	9.3	10.0	47.6	47.6	48.6	47.6
o/w: UAE (Abu Dhabi Fund for Dev.)	650	781	1,008	1,175	3.4	3.8	4.7	5.2	21.3	22.7	24.4	24.6
Commercial Creditors	**203**	**142**	**142**	**80**	**1.1**	**0.7**	**0.7**	**0.4**	**6.6**	**4.1**	**3.4**	**1.7**
o/w: Glencore Energy 2/	191	131	131	71	1.0	0.6	0.6	0.3	6.2	3.8	3.2	1.5
Memorandum Items	*US$*				*Percent of GDP*				*Share of External Debt*			
Domestic Debt	*2,989*	*3,105*	*3,017*	*2,863*	*15.6*	*15.1*	*14.0*	*12.6*	-	-	-	-
IMF SDR Position	*247*	*247*	*247*	*247*	*1.3*	*1.2*	*1.1*	*1.1*	*8.1*	*7.2*	*6.0*	*5.2*
Collateralized Debt (Glencore Energy)	*191*	*131*	*131*	*71*	*1.0*	*0.6*	*0.6*	*0.3*	*6.2*	*3.8*	*3.2*	*1.5*
Multilateral, International and Collateralized Debt	*1,474*	*1,665*	*1,987*	*2,381*	*7.7*	*8.1*	*9.2*	*10.5*	*48.2*	*48.3*	*48.2*	*49.9*

Source: Chadian authorities, IMF staff calculations and estimates.
1/ The IMF SDR Position is excluded from the analysis, as no repayment is scheduled, contrary to the other debt aggregates of the report and the DSA.
2/ The debt owed to Swiss commercial commodity trader Glencore is Chad's only external collateralized debt, featuring a cash sweep clause that ties debt repayments to oil prices. In November 2022, Glencore and the government of Chad reached an agreement for debt treatment, involving a reprofiling of repayments from 2023 to 2026 without a "haircut" or reduction in the debt's net present value. Due to the cash sweep clause, the debt to Glencore represented 6% of Chad's external debt at the end of 2024, down from 20% at the end of 2022, as reimbursements accelerated with high oil prices in 2023 and 2024.

5. Chad's debt service to the Fund metrics is higher than the interquartile ranges, reflecting the composition of the debt stock. Repayment to the IMF is expected to accelerate in the coming years, as the government will begin reimbursing the 2020 Rapid Credit Facility (RCF) support, followed by the 2021 Extended Credit Facility arrangement (ECF), in addition to the 2017 ECF. This explains the structure of the debt repayment which puts Chad above the interquartile range of its PRGT peers. On the other hand, peaks of Chad's credit outstanding or debt service to the Fund are very slightly above the interquartile range, and significantly below the previous ECF-supported program in 2021. Last, Chad's external debt service is significantly below DSA's threshold of high risk. As fiscal adjustment proceeds, and the external debt stock gets more concessional, the debt service-to-revenue ratio is expected to remain contained, maintaining a mechanical moderate risk of external debt distress in the DSA.

6. Improvements in the capacity-to-repay indicators require sustaining growth and undertaking fiscal consolidation in non-priority sectors, which are key program objectives. Efforts to mobilize domestic revenues, and control spending, are key to reducing Chad's debt service burden. Risks could indeed be mitigated by the fiscal adjustment and governance reforms envisaged in the program, which aim at increasing non-oil revenues (prior action on establishing export and import duties, structural benchmark on the VAT refund mechanism) and streamlining current and non-priority spending (prior action and structural benchmark on wage bill control), as well as strengthening debt management (periodic structural benchmark on debt statistics). In addition, efforts to extend social protection and address the ongoing security crisis should support growth, thereby allowing a faster than projected reduction in total outstanding Fund credit as a percentage of GDP.

Table III.1. Chad: Indicators of Capacity to Repay the Fund, 2025-39

	2025 [1]	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Fund obligations based on existing credit															
(SDR millions)															
Principal	54.3	48.1	50.5	62.4	44.9	33.6	33.6	22.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges and interest	5.8	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Fund obligations based on existing and prospective credit (SDR millions)															
Principal	62.7	74.8	77.1	89.0	71.5	51.9	49.1	58.9	59.6	84.8	91.1	75.7	54.7	31.5	6.3
Charges and interest	5.8	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Total obligations based on existing and prospective credit															
SDR millions	68.5	80.4	82.7	94.6	77.1	57.5	54.7	64.5	65.2	90.4	96.7	81.3	60.3	37.1	11.9
CFAF billions	55.4	65.0	67.1	77.0	62.9	47.0	44.7	52.7	53.3	73.9	79.1	66.4	49.3	30.3	9.7
Percent of exports of goods and services	1.5	1.8	1.8	1.9	1.5	1.1	1.0	1.2	1.1	1.5	1.6	1.3	1.0	0.6	0.2
Percent of debt service[1]	22.1	41.7	33.2	34.8	33.9	27.2	25.1	26.1	24.8	31.7	33.9	27.7	22.6	13.9	4.6
Percent of GDP	0.4	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.2	0.1	0.0
Percent of tax revenue	6.3	6.4	6.0	6.4	4.9	3.3	2.9	3.2	3.0	3.8	3.8	3.0	2.1	1.2	0.4
Percent of quota	48.8	57.3	59.0	67.5	55.0	41.0	39.0	46.0	46.5	64.5	69.0	58.0	43.0	26.5	8.5
Outstanding IMF credit based on existing and prospective drawings															
SDR millions	476.4	499.8	534.9	572.0	563.6	511.7	462.7	403.8	344.2	259.4	168.2	92.5	37.9	6.3	0.0
CFAF billions	385.4	404.6	434.2	465.8	459.8	418.3	378.2	330.0	281.3	212.0	137.5	75.6	30.9	5.2	0.0
Percent of exports of goods and services	10.5	10.9	11.3	11.6	10.9	9.6	8.5	7.2	6.0	4.4	2.8	1.5	0.6	0.1	0.0
Percent of debt service[2]	153.8	259.1	214.5	210.3	248.1	242.6	212.8	163.3	131.0	90.9	58.9	31.5	14.2	2.4	0.0
Percent of GDP	3.1	3.1	3.1	3.2	3.0	2.6	2.2	1.8	1.5	1.0	0.6	0.3	0.1	0.0	0.0
Percent of tax revenue	44.0	39.8	39.0	38.9	35.6	29.8	24.8	20.0	15.7	11.0	6.6	3.4	1.3	0.2	0.0
Percent of quota	339.8	356.5	381.5	408.0	402.0	365.0	330.0	288.0	245.5	185.0	120.0	66.0	27.0	4.5	0.0
Net use of IMF credit (SDR millions)	-6.6	23.4	35.1	37.2	-8.4	-51.9	-49.1	-58.9	-59.6	-84.8	-91.1	-75.7	-54.7	-31.5	-6.3
Disbursements	56.1	98.1	112.2	126.2	63.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	62.7	74.8	77.1	89.0	71.5	51.9	49.1	58.9	59.6	84.8	91.1	75.7	54.7	31.5	6.3
Memorandum items:															
Exports of goods and services (CFAF billions)	3,683	3,711	3,833	4,018	4,206	4,368	4,472	4,573	4,683	4,812	4,890	4,995	5,100	5,223	5,346
External Debt service (CFAF billions)[1]	251	156	202	221	185	172	178	202	215	233	233	240	218	218	210
Nominal GDP (CFAF billions)	12,452	13,089	13,788	14,576	15,452	16,383	17,321	18,299	19,310	20,358	21,441	22,572	23,766	25,034	26,380
Tax revenue (CFAF billions)	876	1,016	1,112	1,198	1,290	1,403	1,524	1,653	1,790	1,934	2,086	2,227	2,378	2,515	2,661
Quota (SDR millions)	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2	140.2

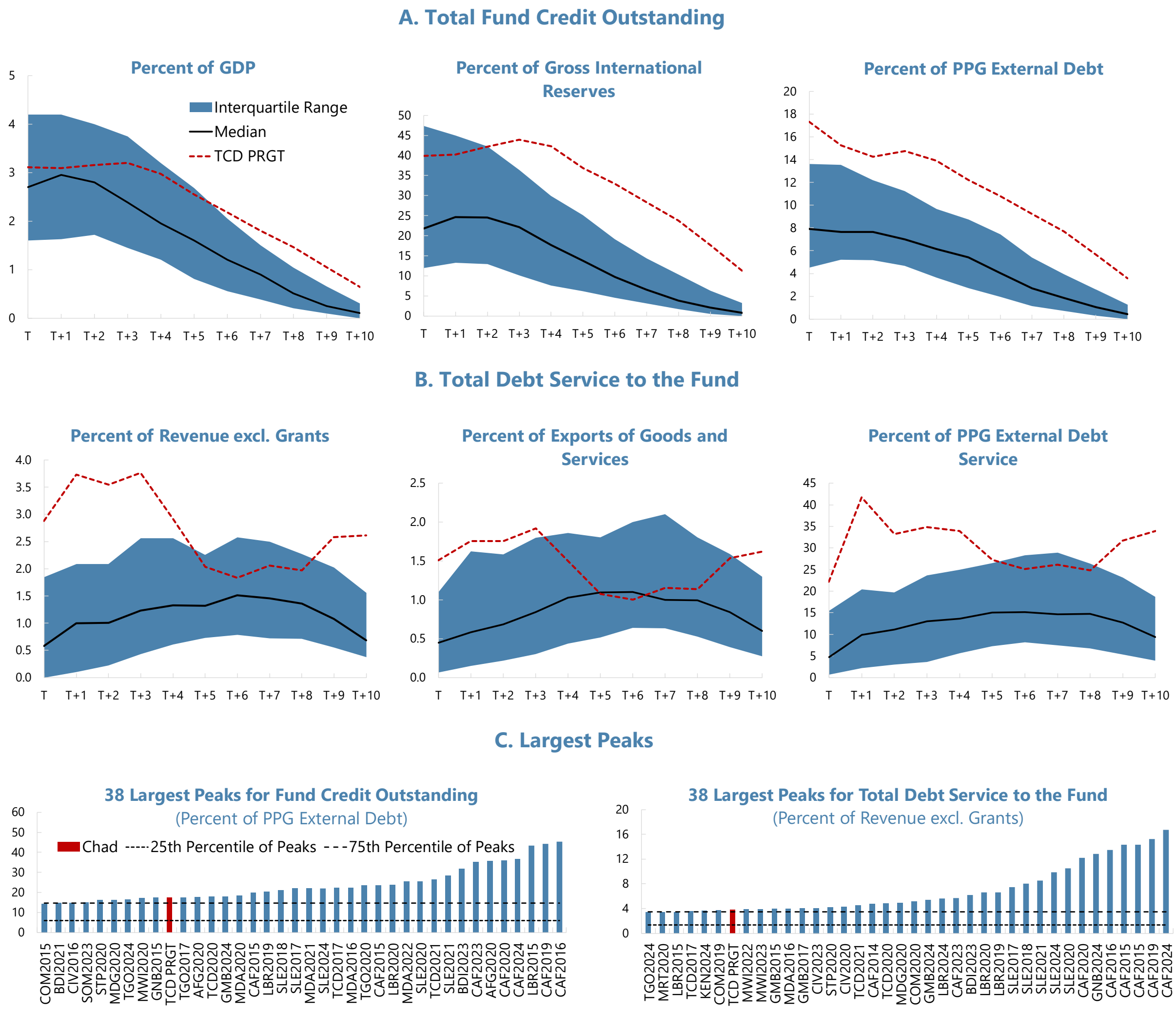
Source: IMF staff estimates and projections.

[1] 2025 values include YTD actuals.

[2] Total external debt service includes IMF repurchases and repayments.

Figure III.1. Chad: Capacity to Repay Indicators Compared to All Arrangements for PRGT Countries, 2025-35

(In percent of the indicated variable)



Notes:

1) T = date of arrangement approval. PPG = public and publicly guaranteed.
2) Red lines/bars indicate the CtR indicator for the arrangement of interest.
3) The median, interquartile range, and comparator bars reflect arrangements (including blends) approved for PRGT countries between 2014 and 2024.
4) The comparator group "All PRGT" excludes arrangements that never had a UCT between 2014 and 2024.
5) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.
6) Comparator series is for PRGT arrangements only and runs up to T+10.
7) Debt service obligations to the Fund reflect prospective payments, including for the current year.
8) In the case of blenders, the red lines/ bars refer to PRGT+GRA. In the case of RST, the red lines/ bars refer to PRGT+GRA+RST.
9) International reserves are proxied by imputed reserves as measured by net foreign assets or by the currency union's total reserves for LICs that are part of currency unions.

Annex IV. Costing of Increase in Targeted Social Spending

1. The ECF-supported program promotes government ownership of the new national Productive Social Safety Net Program (PSSNP) to achieve higher targets for the unified social registry (USR), including identification, and the cash transfer program. An IDA project of US$120 million over 2025-29 includes US$65 million allocated for productive cash transfers and US$26 million for strengthening the USR. The costing analysis proposes the Chadian government finance a total of US$50 million over 2026-30 and achieves a 30 percent burden-sharing ratio over the medium-term (Table IV.1). By end-2030, government's contribution would amount to 0.2 percent of GDP. Thereafter, the government's burden-sharing ratio would progress towards 40-50 percent, in parallel with enhanced technical ownership across government agencies including the National Institute of Statistics and Demographics (INSEED).

2. The introduction of government financing will strengthen the USR and double the planned registration target from 1.2 to 2.4 million individuals - from 15 to 30 percent of the poor. This starts from a baseline of mostly outdated data for 600,000 individuals in the social registry across 15 provinces. The geographic expansion of the USR will rely on a World Bank-supported deployment strategy based on vulnerability mapping at a national level. The USR is managed by INSEED in collaboration with 19 institutions, with backing from the World Bank, EU, and WFP. However, as of now, 11 of these public institutions have not signed or activated the necessary agreement to fully operationalize the USR. The ECF-supported program will further support the institutional ownership of the social protection system by enhancing its governance framework.

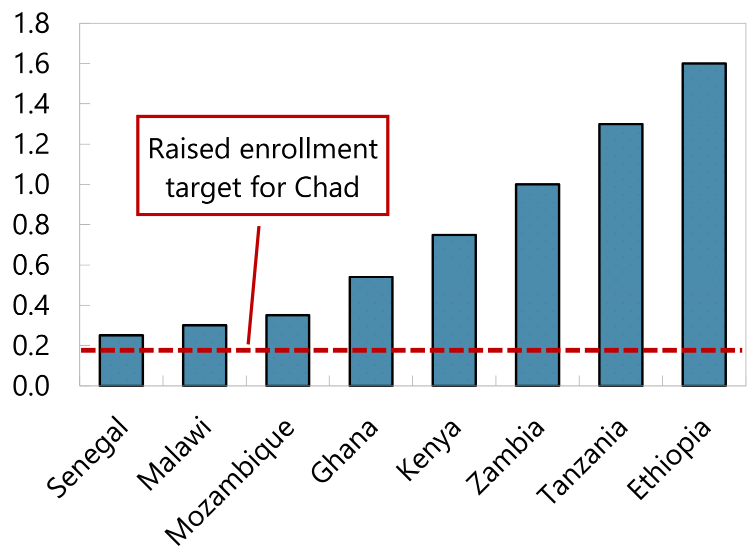
3. Leveraging the planned expansion of the unified social registry (USR) to increase the coverage of cash transfers will raise enrollment targets from 781,000 to 1.2 million people (approximately 200,000 households). The roll-out of the new national PSSNP in nine-high risk provinces builds on lessons from the Refugee and Host Communities Project (PARCA), the first cash transfer program targeted at refugees and host communities and expiring in 2025. The raised enrollment PSSNP target reflects 15 percent of the poor, from a baseline of zero, and aligns size-wise with the national cash transfer program in Senegal (Figure IV.1). The World Bank's simulations in Burkina Faso (similar setting) show that extending coverage to 20 percent of the poorest households could reduce extreme poverty by 40.5 percent at a cost of about 0.68 percent of GDP.

4. Evidence from the World Bank's pilot in Chad shows that targeted cash transfers, with women designated as beneficiaries, significantly enhance productive outcomes for the poorest households. The impact evaluation tested the impact of quarterly cash transfers with productive inclusion measures of US$104 per household and found that the program significantly increased consumption of non-food and health products, boosted agricultural activities, and enhanced asset and livestock ownership. This resulted in more households establishing businesses and owning commercial assets, ultimately raising incomes and contributing to local economic growth. The impact evaluation indicated that the effects were larger when cash transfers were directed to women. The US$ 104 figure was reaffirmed in the 2024 Economic Inclusion Evaluation, a randomized control trial, which identified US$ 74 of this amount as the main income support package. A key focus for the program is ensuring the reliable and predictable delivery of income support for enrolled households while at the same time aiming for broader coverage.

5. By bundling ID issuance with the USR, the World Bank estimates that costs are primarily associated with the registry rather than ID delivery alone. The alignment of ID issuance with the social registry avoids duplication and leverages digital registration in priority provinces to ensure leakage reduction in payment targeting. Digital IDs will be provided to female beneficiaries targeted for the cash transfer program. This digital ID will serve as a complement to the functional ID that all surveyed households receive once enrolled in the USR. The secured digital ID will be provided in collaboration with the National Agency for Secure Titles (ANATS).

Figure IV.1. Chad: Households Reached by Government Cash Transfer Programs

(Millions)



Source: The Transfer Project.

Table IV.1. Chad: Extended PSSN Costing Calculation

	2025	2026	2027	2028	2029	2030	Total
Initial calculation (Million USD)							
WBG Contribution	18	18	18	18	18		**91**
of which, social registry	5	5	5	5	5		26
of which, cash transfers	13	13	13	13	13		65
Need	5	5	5	5	5		**25**
of which, social registry	2	2	2	2	2		10
of which, cash transfers	3	3	3	3	3		15
Government	-	-	-	-	-		-
Total need	23	23	23	23	23		**116**
Share of GDP	*0.11%*	*0.11%*	*0.10%*	*0.10%*	*0.09%*		*0.43%*
Admin Costs	2.6	2.6	2.6	2.6	2.6		13
Share of GDP							
WBG Contribution/other donors	18	18	18	18	18	18	109
Government	0	5	7.5	10	12.5	15	50
Share of GDP	*0.00%*	*0.02%*	*0.03%*	*0.04%*	*0.05%*	*0.06%*	*0.19%*
Total need	18	23	26	28	31	33	159
Share of GDP	*0.09%*	*0.11%*	*0.11%*	*0.12%*	*0.12%*	*0.12%*	*0.59%*
Admin Costs	2.6	2.6	2.6	2.6	2.6	2.6	16
Admin Costs+	0	3	3	3	3	3	15
Total Admin Costs	2.6	5.6	5.6	5.6	5.6	5.6	30.6
Share of GDP	*0.01%*	*0.03%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*	*0.11%*
Memorandum items:							
GDP (Million USD)	20,442	21,606	22,736	24,021	25,461	27,003	

Note: Additional administrative costs are calculated at 12 percent of the additional financing need.

Source: IMF staff calculations.

Annex V. Capacity Development Strategy

A. Context and Progress

1. **The Fund's capacity development strategy aims to support key structural reforms envisaged under the ECF-supported program.** While the authorities have recently made progress on mobilizing non-oil revenue, containing non-priority spending and enhancing public investment management, continued efforts are required to sustainably create space for the ambitious fiscal targets set by the Fund's ECF arrangement. To accompany the authorities in the acceleration of structural reforms as outlined in the first pillar, the capacity development (CD) strategy prioritizes technical assistance (TA) targeted at improving public financial management (PFM), revenue administration, expenditure control as well as debt management and national accounts statistics.

2. **Despite some challenges to its implementation, the TA support provided to Chad has facilitated progress across multiple areas.** In PFM and revenue administration, two long-term experts provide TA locally while long-term experts in tax administration were appointed to support in digitalizing government solutions, managing tax risks, and addressing fragility-related risks in AFRITAC Central countries. Recent achievements include the phasing out of petrol subsidies following TA advice, continued support for the digitalization of tax processes and customs integration, as well as the resolution of large discrepancies between BEAC and INSEED data, culminating in the publication of preliminary unified BoP data for 2016 to 2022[1]. Delays in the implementation of some TA recommendations, such as the operationalization of the Treasury Single Account, reflect limited absorptive capacity and the absence of institutional mechanisms for the follow-up of TA recommendations.

B. CD Strategy

3. **Aligned with the program's first pillar – creating fiscal space through accelerated structural reforms – the Fund's CD strategy prioritizes public financial management (PFM), revenue administration, expenditure control, debt management, and statistics.** PFM is a core CD priority for Chad, with a strong emphasis on enhancing the efficiency and transparency of public spending. As outlined in Table V.1, the Fund will continue to support the implementation of the 2022-2027 PFM strategy (SRFP), including the establishment of the Treasury Single Account and the continued operationalization of SIGFiP. To mobilize non-oil revenue, the modernization and digitalization of the Chadian revenue administration functions is continuously supported, by automating tax processes and strengthening customs operations. At the same time, measures to streamline non-priority expenditures, notably the wage bill and pre-authorized spending procedures, remain essential to guarantee public spending efficiency. Further, the preparation and implementation of a Medium-Term Debt Management Strategy (MTDS) will be critical to enhancing concessional financing mobilization, increasing disbursement rates for externally financed projects, and ensuring debt sustainability. Finally, Statistics TA is vital for program success, strengthening the

[1] The data is not yet fully assessed by the Statistics department.

authorities' capacity to analyze macroeconomic developments and produce reliable fiscal and national accounts statistics to support sound policy planning.

4. Beyond these priorities, the CD strategy identifies governance and anticorruption as a key area for support in the medium term. In line with the program's third pillar of promoting inclusive growth and governance, the Fund is committed to supporting governance and anti-corruption measures through targeted TA. In May 2025, the authorities officially requested a Governance Diagnostic Assessment. Additionally, capacity needs to be built to integrate climate change adaptation and mitigation measures into policy development, alongside continued efforts to strengthen climate-related PFM. To advance regional integration, the Fund plans to provide CD to accompany the implementation of the CEMAC authorities' Regional Strategy Framework. Finally, policy design will require further support to promote economic diversification and private sector growth. Priority areas there include improving the business environment, access to finance and infrastructure development.

C. Main Risks and Mitigation

5. Ensuring effective TA implementation and actual follow-up of recommendations require more institution-building and coordination efforts from the authorities. The authorities' weak organizational, institutional, human resources, and absorptive capacities are significant implementation risks and limit the effectiveness of technical assistance, the follow-up of TA recommendations, and TA overall impact. Hence, the presence of residential advisors who can provide continuous support on the ground and mitigate those risks is essential. However, to sustainably mitigate implementation risks going forward, the authorities would need to strengthen their organizational skills, human resources management, and promote more coordination efforts, not only within the Ministry of Finances but altogether with donors, so that: (i) TA planning is aligned with the authorities' demand, (ii) TA provided by different donors can complement each other to ensure more tangible and durable outcomes, instead of being at risks of duplicating each other with heterogenous results, (iii) TA follow-up, including recommendations and outputs, can take place. Under the IMF advice, the authorities created a committee for budget support and TA coordination, which specifically aims at mitigating the risks mentioned above, i.e. promoting TA effectiveness through better donors' coordination, through better information sharing, follow-ups, and complementarity of efforts for tangible and durable results.

6. The proactivity of the IMF local office and other TA providers on the ground is essential in supporting the authorities' institution-building efforts. The absence of weak donors' coordination on the ground is a significant risk that exacerbates the authorities' weak organizational, institutional, human resources, and absorptive capacities. In Chad, development partners on the ground that have been providing TA at the Ministry of Finances (African Development Bank, French Development Agency, EU, UNDP, WB) have gathered together around the IMF to step up coordination efforts through regular debriefings, information sharing and consultation meetings around TA logistical planning, TA strategies, TA implementation bottlenecks and the harmonization of TA recommendations across all partners to ensure results-driven outcomes. Those initiatives have emphasized the need to institutionalize this approach to sustainably mitigate implementation risks and support the authorities over time for more tangible results in the long-term. Given the IMF's catalytic role among donors, the role of the IMF local office remains key in driving and keeping a solid coordination dynamic among donors on the ground.

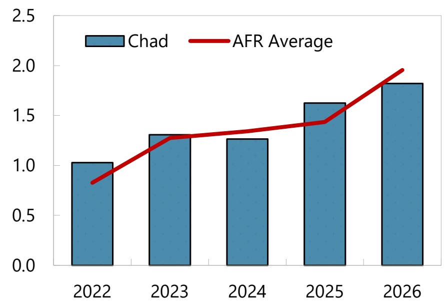
Table V.1. Chad: Capacity Development Priorities		
Strategic Priorities	**Progress and Objectives**	**Key Project Indicators**
Public Financial Management	**Traction:** The implementation of the 2022-2027 PFM reform strategy (SRFP), the establishment of the Treasury Single Account (TSA) and the deployment and expansion of the IFMIS (SIGFiP) are ongoing, with delays reflecting coordination issues and limited absorptive capacity. Following up on PIMA and C-PIMA in 2022, a climate budgeting workshop took place in Fall 2024. A budget preparation mission in November 2024 introduced commitment authorizations and payment appropriations. Legislation to regulate the governance and oversight of SOEs was adopted by Parliament in September 2024, and a follow-up mission to support the development of an implementation action plan took place in January 2025. **Going Forward:** The realization of the roadmap for the creation of the TSA should be finalized in line with Fund TA. More TA is needed to strengthen the authorities' capacity to implement their PFM strategy and to improve their financial administration's IT systems, including the full interconnection of the ministry's platforms with IFMIS (SIGFiP) and its expansion to encompass all general government units. Another goal is to implement the action plan regarding the new legislation on SOE governance and oversight.	*Projects in Execution:* 8 *Total Budget (Mio. USD):* 3.1 *Providers:* AFRITAC Central, FAD
Revenue Administration	**Traction:** Current projects focus on increasing tax revenue, with achievements in the digitalization of tax processes, such as the e-invoicing/reporting of VAT since July 2024. To support the DGI's revenue objectives and in line with AFRITAC Central's FCS strategy, a scoping mission took place in August 2024 regarding a new medium-term engagement strategy. In November, another mission provided TA on the implementation of e-tax features by 1) consolidating the IT system, 2) optimizing revenue collection through updating the taxpayers' registration module, and 3) providing training on risk-based audits. Following the establishment of a joint Customs-Tax Committee, a concept to improve data exchange was presented in January 2025. In a joint effort with UNCTAD and the World Bank, TA support on customs litigation is ongoing, including the planned integration of a corresponding module in ASYCUDA World. In April, a mission to support the enforcement of customs practices in line with CEMAC regulations took place. **Going Forward:** The enforcement of tax and customs laws will improve taxpayer compliance and strengthen control of exemptions. Efforts to broaden the tax base and increase revenues, including the enforcement of tax e-payment (Prior Action), should continue. Missions from the Global Public Finance Partnership (GPFP) project on revenue administration are ongoing, with a workshop on tax risk management planned for July 2025. The modernization of the administration's IT and the expansion of digital tools across local offices should continue, e.g. through the enforcement of e-payment systems in customs offices (Prior Action), VAT e-invoicing and advancing procedures for the recovery of tax arrears.	*Projects in Execution:* 4 *Total Budget (Mio. USD):* 2.8 *Providers:* AFRITAC Central, FAD

Table V.1. Chad: Capacity Development Priorities (concluded)		
Expenditure Control	**Traction:** While the government successfully started phasing out petrol subsidies following CD support on the revision of fuel and diesel prices, the implementation of TA recommendations controlling the wage bill has lagged behind. **Going Forward:** Efforts to contain the wage bill must be continued through the suspension of new hires and the limitation of agents' movements (Prior Action), the identification of "ghost workers" (Structural Benchmark), and the publication of automatic remuneration adjustments in the budget law (Periodic Structural Benchmark). The use of pre-authorized spending procedures (DAOs) should be monitored and reduced continuously, using the SIGFiP to oversee their regularization (Prior Action). The size of energy subsidies will be further understood through an audit (Prior Action and Structural Benchmark) A plan to gradually remove inefficient and costly subsidies and to improve electricity generation efficiency by promoting renewable energies is expected to be established.	*Projects in Execution:* 2 *Total Budget (Mio. USD):* 0.3 *Providers:* AFRITAC Central, FAD
Debt Management	**Traction:** TA to formulate and implement the MTDS is ongoing. An AFRITAC mission took place in December 2024 to enhance cash and debt management tools and their linkages, featuring a one-week workshop for senior officials of the General Directorate of Public Accounting and Treasury. After a joint FAD and MCM mission identified weaknesses in technical capacity on fundamental in debt management functions in December 2024, a training workshop for the technical committee of the National Debt Strategy Commission (CONAD) is taking place in May 2025. **Going Forward:** TA will continue to support the implementation of the SRFP adopted in 2022. Furthermore, the debt management system (SYGADE, developed with UN) needs to be fully effective and adapted to staff usage. Forward looking, its connection to SIGFiP could ensure a proper flow of information between the budget, treasury and debt management teams to improve the planning and forecasts of debt service payments. The regular publication of a consolidated debt statistics report will be a crucial milestone of these efforts (Periodic Structural Benchmark).	*Projects in Execution:* 2 *Total Budget (Mio. USD):* 0.3 *Providers:* AFRITAC Central, MCM, FAD
Statistics	**Traction:** Several projects are currently strengthening the compilation and dissemination of external sector and national accounts statistics. For external sector data, Fund TA helped resolve large discrepancies that existed between BEAC and INSEED numbers, especially regarding exports of the livestock sector. The corresponding BoP data for 2016 to 2022 was published in December 2024 and is currently under STA review. Additionally, STA TA has been supporting the authorities with the update of fiscal tables and the migration process to the Government Finance Statistics Manual 2014 during a mission in December 2024. In April 2024, a mission led by ICD helped the authorities with tailoring the Macroeconomic Framework Tool to improve economic projections and its integration with the Debt Dynamics Tool. **Going Forward:** The capacity of Chad's authorities to analyze macroeconomic developments and produce reliable forecasts should be further enhanced. The quality and timeliness of national accounts, government finance and balance of payments data will be further improved with TA support. Planned milestones include the production of quarterly GDP numbers, the regular publication of the TOFE with a dedicated committee (Periodic Structural Benchmark), as well as publication of the International Investment Position.	*Projects in Execution:* 6 *Total Budget (Mio. USD):* 1.0 *Providers:* AFRITAC Central, ICD, STA
Note: Key project indicators are IMF staff calculations based on single country CD projects for Chad in stage "Execution" from CDMap as of May 2025.		

Figure V.1. Chad: Capacity Development Overview

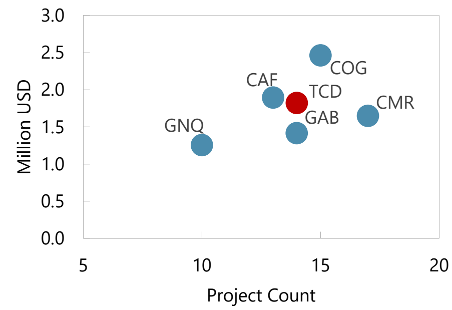
Planned CD spending for Chad is slightly above the AFR average for FY25 …

CD Spending, FY22-26
(Million USD)



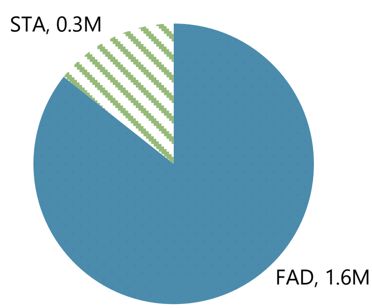
… and just in line with average planned CD projects and spending in the CEMAC region for FY26.

CD Spending and Project Count in CEMAC, FY26
(Million USD and Count)



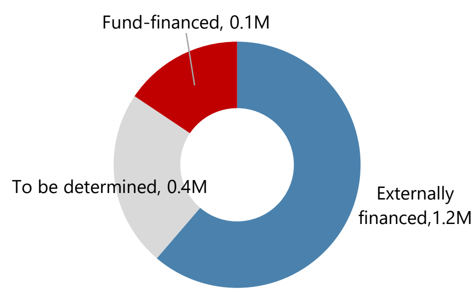
FAD is delivering most CD by planned spending…

CD Spending by Delivery Department, FY26
(Million USD)



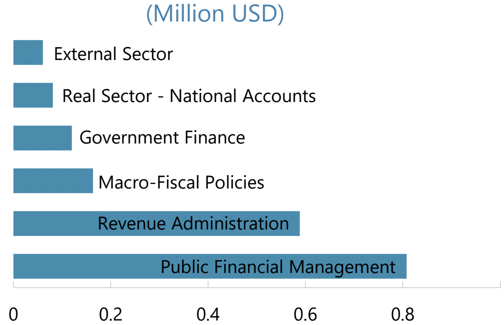
… and the majority of TA will be externally financed.

CD Spending by Funding Source, FY26
(Million USD)



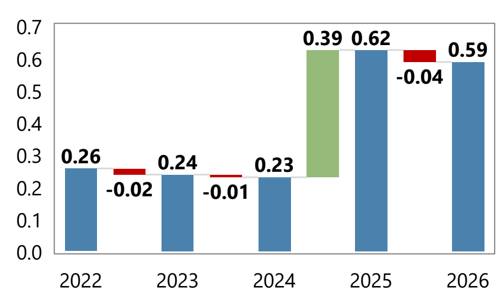
Public Financial Management is the largest workstream in FY26 …

CD Spending by Portfolio Workstream, FY26
(Million USD)



… but Revenue Administration received a substantial spending increase from FY25 onwards.

CD Spending on Revenue Administration, FY22-26
(Million USD)



Source: IMF staff calculations based on CDMAP data.
Notes: Years denote fiscal years. Data for FY22 to FY24 is actual data, data for FY25 and FY26 is based on planned activities in CDMAP as of May 2025. Only projects in the stages "Approval", "Execution" and "Complete" are included. Average spending includes all single country spending in AFR divided by 45. Duty station-based work includes preparation and delivery of CD support without involving travel.

Annex VI. Risk Assessment Matrix[1]

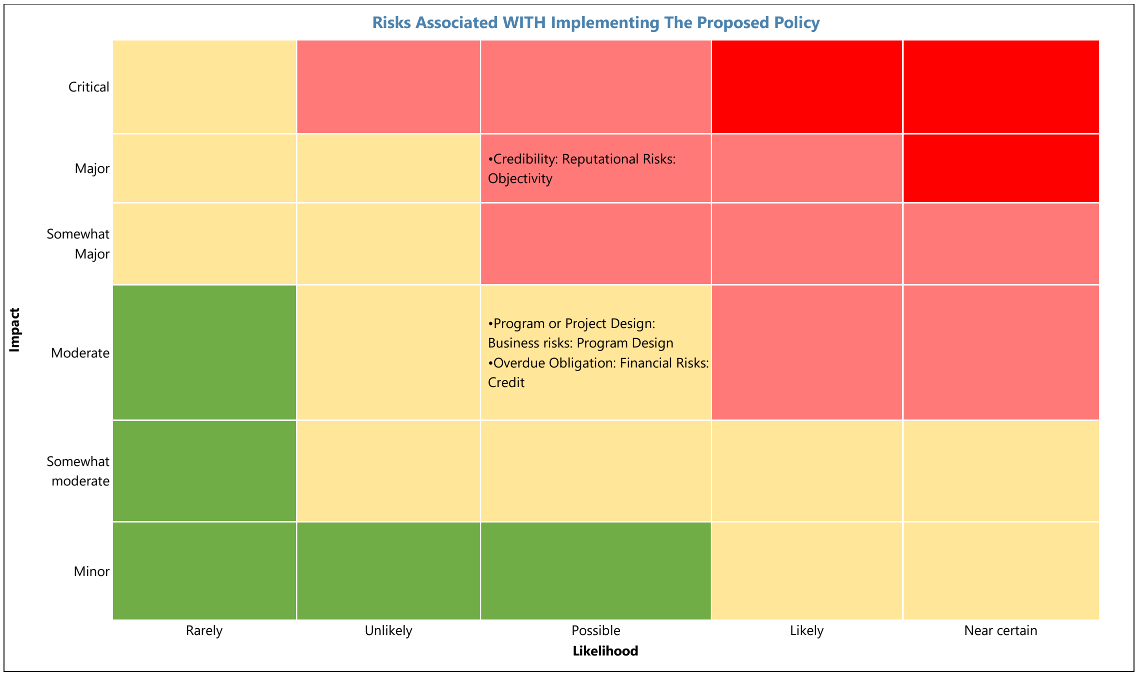
Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
External Risks			
Sovereign debt distress. Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	**High**	**High.** Chad's public debt is assessed as high risk of distress. A sudden stop in international aid could stress the fiscal situation and exacerbate the risks.	Adopting a resilient fiscal policy anchored in the medium term to improve capacity to absorb shocks. Implement an enhanced debt management strategy.
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	**Medium**	**High.** Chad is directly affected by the conflict in Sudan. Continued large influx of refugees from Sudan could lead to a humanitarian and social crisis.	Protecting social spending and transfers to the National food security office (ONASA) and seeking donor support.
Commodity price volatility. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	**Medium**	**High.** Chad is highly dependent on its oil exports. Volatility in oil price results in higher uncertainty in fiscal revenue.	Adopting a resilient fiscal policy anchored in the medium term to improve capacity to absorb shocks. Implementing structural measures to diversify the economy.
Tighter financial conditions and systemic instability. Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.	**Medium**	**Medium.** The drying up of financing resources in the CEMAC region is leading to high costs of domestic financing for countries, which can lead to Debt sustainability problems. Yields are reaching 11 percent in some cases.	Prudent fiscal policies that will reduce the need to access domestic markets, combined with concessional external financing.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short term (ST)" and "medium term (MT)" are meant to indicate that the risk could materialize within 1 year and 3 years, respectively.

Sources of Risks	Relative Likelihood	Impact if realized	Recommended Policy Response
		Structural Risks	
Deepening geoeconomic fragmentation. Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	**High**	**High.** The US decision to stop its contributions towards international organizations is weakening international cooperation. However, the impact on Chad will be limited as USAID work in Chad was not affected by the cuts (USAID managed spending in Chad reached USD 180 million in 2024).	Prudent fiscal policies that will reduce Chad dependence on international aid, diversifying the economy which will also broaden the tax base, and finding access to other sources of funding which Chad is doing with the UAE.
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	**Medium**	**High.** Chad is one of the most vulnerable countries to climate change. The incidence of floods and droughts has already increased significantly and could severely affect agricultural production, crops and livestock, increasing inflationary pressures and food insecurity.	Adopting climate adaptation and mitigation policies, by securing road and energy network, particularly in economic centers, and for transition by decentralizing and switching to renewable energy production.
		Domestic Risks	
Political instability / Security. Failure of the government to deliver on its social objectives could result in heightening social tensions	**Medium**	**Medium.** While social tensions have been contained since the end of the transition period, they could flare up again if the government does not deliver on its objectives of providing access to energy, water, education, and health.	Creating the necessary fiscal space through domestic revenue mobilization reforms and the streamlining of non-priority expenditures.

Annex VII. Enterprise Risk Assessment

Table VII.1. Chad: Residual Risk Heat Map ERM Policy



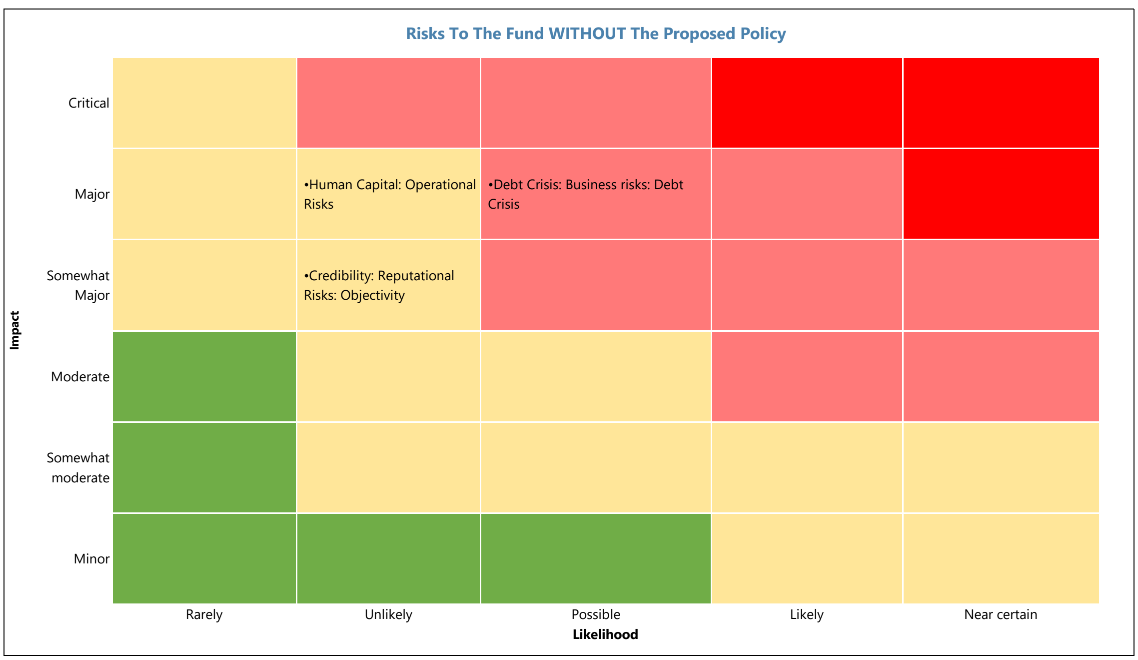


Table VII.2. Chad: Document Risk Self-Assessment Summary

Rank	Risk Name	Risk Description	Risk Assessment			
		Risks associated WITH implementing the proposed policy				
			Risk Timeframe	**Likelihood**	**Impact**	**Rating**
1	Reputational Risks: Objectivity	The Fund could be criticized for continuing its support of the government if social and political tensions recur.	Emerging (1-3 yrs)	Possible	Major	Major
2	Business risks: Program Design	Lack of transparency of SOEs creates SOEs-related fiscal risks if staff is unable to verify the financial soundness of SOEs.	Emerging (1-3 yrs)	Possible	Moderate	Moderate
3	Financial Risks: Credit	Late repurchases and late payment of charges and fees for PRGT lending.	Medium-term (3-5 yrs)	Possible	Moderate	Moderate

Rank	Risk Name	Risk Description	Risk Assessment			
		Risks to the Fund WITHOUT the proposed policy				
			Risk Timeframe	**Likelihood**	**Impact**	**Rating**
1	Business risks: Debt Crisis	Not proceeding with the program could raise business risks if the Fund fails to provide financial assistance leading to a potential BOP crisis.	Emerging (1-3 yrs)	Possible	Major	Major
2	Operational Risks	The new government cut its longstanding military ties with France, sparking a withdrawal of French troops, which could translate into a security vacuum.	Emerging (1-3 yrs)	Unlikely	Major	Major
3	Reputational Risks: Objectivity	Perceived lack of evenhandedness or lack of alignment with membership.	Current (0-1 yrs)	Unlikely	Somewhat Major	Moderate

Annex VIII. External Sector Assessment

Overall Assessment: *The balance of payments reflects the integration of the gold trading based on mirror statistics from partner countries (starting 2012) and Chad's official customs data (starting 2024). Estimates show a current account surplus of 1 percent of GDP in 2024. While oil exports remained stable in nominal terms, they declined as a share of GDP, and imports remained strong, due to accelerated development projects. The overall balance remained in surplus, supporting regional accumulation of reserves in 2024. The Fund's EBA-lite Current Account methodology indicates an external position broadly in line with fundamentals. However, caution is warranted in interpreting this assessment due to significant uncertainty stemming from inconsistent trade and balance of payments data, the high risk of external debt distress, and challenges to reserve accumulation.*[1]

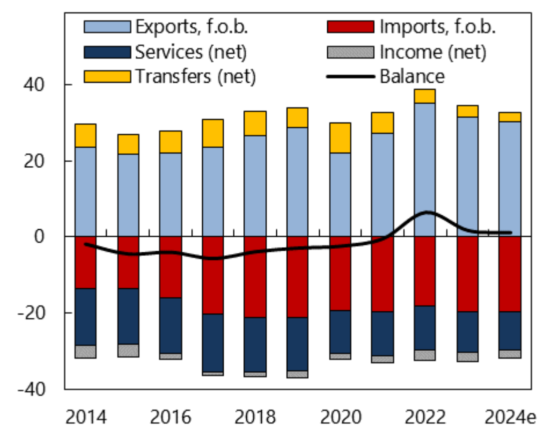
Potential Policy Responses*: Implementing measures to improve public finances, governance and the business environment is critical for diversifying the economy away from oil and shoring up reserves. A transparent fiscal strategy, along with the reforms proposed by the National Development Plan and supported by the proposed ECF arrangement could foster capital inflows, strengthen financial inclusion, and improve reserve buffers.*

Current Account

Background. Following the historic surplus in 2022, supported by high oil prices, the current account balance has narrowed in 2023, to 1.6 percent of GDP, and further in 2024 to an estimated 1 percent. Oil exports remain the main driver of the current account, accounting for two third of the goods exports, and directly affecting service imports through insurance and oil transportation costs. The progressive decline in oil exports, though exports are still high by historical standards, is the main factor behind this recent evolution in the trade balance. Driven by strong public investment and the development of new oil fields, imports have continued to grow, remaining broadly stable as a share of GDP, at about 20 percent. The gold sector, which has been integrated by staff, is estimated to have represented about 10 percent of exports in 2024–up from the initial 0.3 percent in 2012; with an approximated 6.8 tons of gold exported.

Figure VIII.1. Chad: Current Account

(Percent of GDP)



Sources: Chadian Authorities, BEAC, IMF Staff Estimates.

Assessment. The approach for the external sector assessment is based on the EBA-Lite 3.0s methodology. The CA model compares Chad's actual adjusted current account balance with the model-estimated current account "norm" to reflect the desirable policies in five areas: (i) fiscal strategy; (ii) health expenditures; (iii) FX reserves; (iv) private sector credit; and (v) capital controls. In particular, the FX reserves desirable policy level has been updated to reflect the adequate level over the medium term for a resource-rich region, consistently with the CEMAC estimates. The current account norm is estimated to -2.3 percent of GDP in 2024.

The cyclical adjustment, including terms-of-trade adjustments, is estimated to have contributed approximately 0.8 percentage points, due to the price fluctuations of the main commodities exported by Chad—refined and crude oil, gum Arabic, cotton and livestock. The impact of natural disasters and conflicts accounted for an estimated 2.5 percentage points; this integrates the severe flooding in August and September 2024 that paralyzed N'Djamena for months, but also the war in Sudan which continues to affect Eastern provinces and has led to a significant influx of refugees into the country. With these adjustments, the current account gap implied by the current policies in the CA model, with respect to norm implied by fundamentals and desired policies is of 0.1 percent of GDP (Text Table VIII.1).

While the quantitative assessment suggests an external position in line with medium-term fundamentals, we caution overinterpretation of these results given inconsistencies in trade and balance of payments data, the high risk of external debt distress, and challenges to reserve accumulation. Structural challenges like limited social safety nets and historically weak reserve accumulation even during periods of high oil prices cast a shadow on Chad's external sector assessments.

Text Table VIII.1. Chad: EBA-Lite Model Results, 2024

	CA model 1/	REER model
	(in percent of GDP)	
CA-Actual	**1.0**	
Cyclical contributions (from model) (-)	0.8	
Natural disasters and conflicts (-)	2.5	
Adjusted CA	**-2.2**	
CA Norm (from model) 2/	**-2.3**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-2.3**	
CA Gap	**0.1**	**-3.0**
o/w Relative policy gap	1.4	
Elasticity	-0.2	
REER Gap (in percent)	**-0.5**	**13.6**

1/ Based on the EBA-lite 3.0 methodology
2/ Cyclically adjusted, including multilateral consistency adjustments.

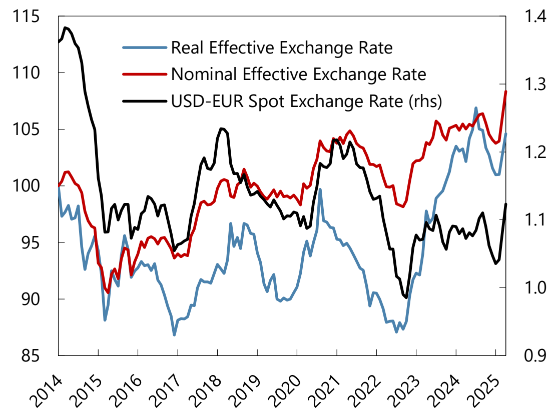
Improvements in external financing and concessional borrowing, as well as domestic revenue mobilization, and continuous monitoring and adjustment of policies based on evolving economic conditions will be key to ensure external sustainability. The proposed ECF-supported economic program aims at improving fiscal credibility by improving governance and establishing a long-term fiscal policy strategy. Implementing the recommended reforms will support the development of the private sector, attracting external investments and thus diversifying the sources of revenue. This is crucial to building buffers, improving resilience, and creating fiscal space to support sustainable development goals achievements.

Real Exchange Rate

Background. Largely reflecting the fluctuations of the euro—to which the CFA franc is pegged, the nominal effective exchange rate slightly depreciated in 2024, by about 1 percent. The recent fluctuations of the dollar, with a large appreciation in the last months of 2024 followed by a swift correction in March 2025 amid growing uncertainty, have had less pronounced effects on Chad's effective exchange rate. The euro exchange rate against the Chinese yuan and the Indian rupee has also played a growing role, as China and India have become among the main trading partners of Chad, respectively, accounting for estimated 30 and 10 percent of bilateral trade on average over the last few years.

Assessment. The EBA-Lite CA model assesses that the real effective exchange rate was slightly undervalued in 2024, by 0.5 percent, based on the estimated gap between the norm and the actual current account of 0.1 pp and under a trade semi-elasticity assumption of -0.2. By contrast, the REER model indicates an overvaluation of the exchange rate, of 13.6 percent, relying on an estimated CA gap of -3. Staff's final assessment is anchored to the CA model which points to a mild undervaluation in 2024. Caution remains warranted in interpreting this evaluation due to significant uncertainty stemming from inconsistent trade and balance of payments data.

Figure VIII.2. Chad: Effective Exchange Rate
(Index. Jan. 2014 = 100)

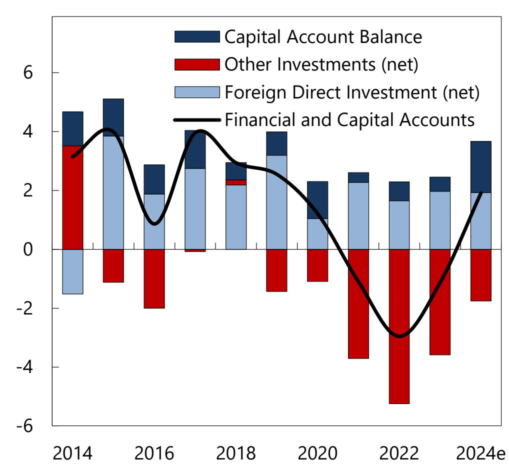


Note: Increase in indices is an appreciation of the CFA Franc.
Sources: Chadian Authorities, BEAC, IMF Staff Estimates.

Capital and Financial Accounts: Flows and Policy Measures

The capital and financial account experienced a historically large surplus in 2024 (Figure VIII.3). Foreign direct investment, primarily directed toward the oil sector, continued to be a substantial and relatively stable source of funding for the economy, amounting to approximately 2 percent of GDP in 2024. Large inflows were also recorded in the financial account, thanks to the US$500 million loan from the UAE, and in the capital account, due to the substantial increased disbursement rates from donors' projects. These inflows were partially offset by the repayments to the largest commercial creditor resulting due to a cash-sweep clause in the debt contract, reflected in the other and long-term investments.

Figure VIII.3. Chad: Current Account
(Percent of GDP)



Sources: Chadian Authorities, BEAC, IMF Staff Estimates.

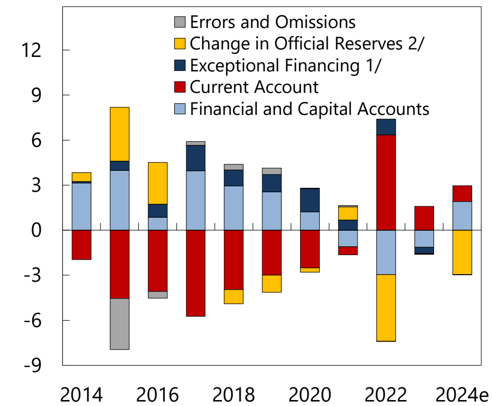
Reserves Level

According to the preliminary data released by the BEAC, Chad's contribution to the regional accumulation of foreign reserves is expected to have picked up in 2024, supported by external budget financing which boosted the capital and financial accounts.

Nevertheless, staff considers that this historically high accumulation of reserves could be temporary and possibly reversed in the very short term.

Figure VIII.4. Chad: Balance of Payments

(Percent of GDP)



1/ Including IMF disbursements.
2/ Positive corresponds to a decrease.
Sources: Chadian Authorities, BEAC, IMF Staff Estimates.

Authorities' Views

The authorities emphasized that gold exports, while currently dominated by the artisanal mining sector, should be more systematically incorporated into external sector assessments. They noted ongoing efforts to improve data collection at official ports of exit, including the registration of exporters and the collection of nominal certification fees. The authorities also expressed interest in modernizing the sector, which they view as an important policy priority in the context of their new National Development Plan (NDP).

[1] The BEAC has recently released new Balance of Payments data for 2016–2022, reconciling previous estimates with updated trade and GDP series produced by Chad's National Statistics Institute (INSEED) for 2005–2022. This new data, currently under review by STA, may significantly alter the external sector analysis given the notable discrepancies with earlier estimates. The BEAC has not published Balance of Payments data for 2015 and has indicated that data for 2005–2016 will not be revised to align with INSEED trade figures, potentially creating a break in the series. Moreover, artisanal gold mining activities are not yet incorporated into the Balance of Payments.

Appendix I. Letter of Intent

N'Djamena, July 2, 2025

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington DC (USA)

Subject: Letter of Intent on Economic and Financial Policies

Dear Ms. Managing Director:

1. **Chad has made significant progress on its economic and financial reform program supported by the Extended Credit Facility (ECF) arrangement approved in 2021.** The program has helped restore debt sustainability and gradually strengthen the external position, including through the G20 Common Framework. Despite this progress, the implementation of the previous ECF-supported program faced major challenges due mainly to the significant budgetary costs associated with the political transition period from 2021 to 2024, the continuous massive inflow of refugees caused by the conflict in Sudan since April 2023, as well as the devastating impacts of the historic floods in 2022 and 2024.

2. **Chad continues to face multiple external shocks that have a tangible impact.** The humanitarian crisis continues, with the steady influx of refugees reaching nearly 2 million people. In addition, the significant decline in oil prices and official development assistance (ODA) is increasing our external financing needs. These multiple challenges are creating considerable pressures on our public finances and balance of payments, requiring substantial external support to maintain economic and social stability and lay the foundations for the structural transformation of our economy.

3. **Despite these significant challenges and shocks, the government has continued its reform efforts with the aim of re-engaging through an ECF arrangement as soon as possible.** We have made significant progress in fiscal consolidation, particularly through a sizeable reduction in the use of emergency spending procedures (DAO) and the digitalization of the tax administration. 655 To address the structural challenges, on May 29, 2025, in the Council of Ministers, the government adopted a new 2025–2030 National Development Plan (NDP) – Chad Connection 2030 – structured around four priority pillars: development of essential infrastructure, universal access to basic public services, economic and industrial development, and improvement of the business climate. The program outlined in the MEFP, submitted with this letter, is an essential component for achieving the NDP objectives. The three pillars of the MEFP are essential to achieving these objectives: ensuring a sustainable fiscal policy to create the fiscal space needed to finance priority investments; improving access to basic public services by increasing and better targeting social

spending; and strengthening economic and financial governance to improve the business environment and attract private investment.

4. To effectively support the implementation of this ambitious program and to meet our financing needs, the government is requesting the support of the International Monetary Fund through a new arrangement under the ECF in an amount equivalent to SDR 455.65 million, disbursed in semi-annual tranches over 48 months. Approval of this request would pave the way for an immediate first disbursement of SDR 28.04 million, followed by a first review scheduled around December 15, 2025, and a second review around June 15, 2026.

5. We believe that the actions set forth in the MEFP will enable us to achieve the program's objectives. We stand ready to take any necessary measures. We will consult with IMF staff on the adoption of any additional measures in advance of revisions to the actions set out in the MEFP, in line with relevant Fund policies. To facilitate the monitoring and evaluation of the program, we agree to provide IMF staff with all necessary information on a regular and timely basis, pursuant to the attached Technical Memorandum of Understanding (TMU).

6. Through this letter, the government authorizes the publication of the IMF staff report for the new ECF arrangement, the Debt Sustainability Analysis, this letter of intent, and the attached MEFP and TMU on the IMF website.

Please accept, Ms. Managing Director, the assurances of my highest consideration.

/s/

Tahir Hamid Nguilin
Minister of State for Finance, Budget, Economy, Planning and International Cooperation

Attachments:

I. Memorandum of Economic and Financial Policies (MEFP)
II. Technical Memorandum of Understanding (TMU)

Attachment I. Memorandum of Economic and Financial Policies

This Memorandum of Economic and Financial Policies (MEFP) outlines our reform objectives and priorities regarding the arrangements under the Extended Credit Facility (ECF) that we are seeking from the IMF's Executive Board. It presents the context and the recent economic developments and defines the medium-term economic objectives and policy framework of the Government of the Republic of Chad. In line with the goals of our new National Development Plan to develop infrastructures, human capital, governance, and diversification, this Memorandum of Economic and Financial Policies (MEFP) lays out the reform program and the macroeconomic and structural policies aimed at preserving fiscal sustainability, promoting economic inclusiveness, while strengthening economic and financial governance.

Context

1. **The end of the political transition period ushers in a stable period for economic development and reforms.** After four years of political transition, the country now has all the institutions provided for in its new Constitution. With a newly elected president, Marshal Mahamat Idriss Déby Itno, in power, the Patriotic Salvation Movement (MPS) also holds the majority of seats in the National Assembly and Senate. The end of this transition marks a new era of long-term institutional governance, which bodes well for a period of political stability. Thus, since the official inauguration of the President of the Republic, we have been actively conceptualizing the new National Development Plan (NDP) for the period 2025-2030, which is pragmatic, focused on immediate action and the deployment of concrete projects, and articulated around four priority areas of intervention: (1) infrastructure development with the ambition of achieving an electrification rate of 90 percent; (2) access to basic public services, in particular health and education, (3) economic and industrial development, and (4) improvement of the business environment, with a special focus on commercial justice.

2. **However, our economy has been hit by multiple shocks that have had a tangible impact on the country.** The most recent ECF-supported program in 2021 faced implementation challenges linked to the political transition period that ran from 2021 to 2024. This transition necessitated bringing particular attention to internal and social peace. Faced with this daunting internal challenge, our country has also been hit by multiple and large external shocks: a humanitarian crisis in the East resulting from the conflict in Sudan and unprecedented floods. The humanitarian crisis that began in April 2023 following the war in Sudan has seen the arrival of historic numbers of refugees. In the first two months, this number was equivalent to the total received over 20 years and has been rising ever since. We also experienced two historic floods in 2022 and 2024. The 2022 floods were the most severe in thirty years, impacting 18 of our 23 provinces. Although the total extent of flooding in 2022 was greater, agricultural land was more affected by the floods in 2024.

3. These multiple shocks persist at a time when the overall environment has become more uncertain. Humanitarian and climate shocks continue, while security risks remain elevated, and income losses from increased oil price volatility and decline have accelerated. The Sudanese crisis, which we have been facing since April 2023, is unprecedented and continues today, with the number of refugees constantly increasing and now approaching 2 million. The reduction in U.S. aid is already having an impact on humanitarian operations. Additionally, oil prices continue to experience significant volatility in 2025. **Despite significant challenges and shocks, we have persisted in our reform efforts guided by the vision of a new program supported by the Extended Credit Facility.** Despite the continuous shocks and the expiration of the old ECF-supported program in June 2024, we have persisted in our development efforts, particularly in implementing reforms and improving our fiscal policy. With the preparation of our new NDP, we have established a macro budgetary framework anchored in the medium term, which will enable us to mobilize, in a realistic manner, the financing needed for the successful implementation of the NDP. The net fiscal deficit at end-2024 stood at 1.9 percent of non-oil GDP, exceeding the 2024 Article IV commitment due to lower non-oil revenues, higher subsidies, and exceptional spending (see discussion in the next section). The use of emergency spending procedures (DAO) was reduced from 55 percent of non-wage primary civilian spending in 2023 to 39 percent in 2024. In addition, some arrears were cleared (0.3 percent of GDP). We also made progress on digitalization reforms to improve the mobilization of non-oil domestic revenue, including through cooperation and data sharing between the customs and tax administrations for the implementation of a 15 percent withholding tax on imports for unregistered taxpayers and through the launch of a standardized electronic invoicing system. In particular, the standardized electronic invoicing system enables the creation of a "digital virtuous circle," as it ensures taxation for all businesses, formal and informal, thereby promoting the formalization of the informal sector while accelerating the coverage of the digitalization of public services. E-registration enables the collection of registration fees in public markets and the tracking of payments to the Public Treasury. E-conservation allows the mobilization of revenues and the satisfaction of taxpayers, as well as E-notaries, which facilitate the securing and reduction of land conflicts. We have also resumed work establishing a digital electronic public procurement portal supported by the World Bank and other donors.

4. The new ECF arrangement will support our reform efforts, in line with the priorities of the Chad Connection 2030 Plan and will help catalyze donor financing essential to its implementation. Our fiscal consolidation efforts will create space for development financing. To mitigate the effects of these consolidation measures on the most vulnerable populations, we will strengthen the national social protection program that we launched in June 2024 with the support of the World Bank, despite the expiry of the previous ECF arrangement. This program aims to strengthen the resilience of the poor and vulnerable, including by increasing access to social safety nets. We have also adopted a law on the governance of state-owned enterprises and created an independent anti-corruption agency (AILC). In the short term, the ECF-supported program will help address our urgent balance of payments needs and anchor our medium-term strategy. This credible macroeconomic framework is designed to pave the way for strong and inclusive growth, which will catalyze the external support necessary for financing projects and the budget required for the effective implementation of our NDP. To this end, we undertake to continue the coordination that we initiated with development partners within the Committee for Financing and Cooperation, whose objective is to facilitate and encourage technical dialogue on the modalities and partnerships for implementing development assistance, particularly the NDP. This technical dialogue is critical both among development partners, on the one hand, and between development partners, the Chadian government, and other stakeholders, particularly the private sector, on the other. We will ensure that the budget support and technical assistance negotiations committee of the Ministry of Finance, Budget, the Economy, Planning, and International Cooperation will work in cooperation with the Financing and Coordination Committee (CFC) to effectively monitor technical assistance and various economic programs implemented with the various TFPs, such as the ECF arrangement with the IMF.

Recent and Prospective Economic Developments

5. Recent shocks have marked economic activity. Growth reached 5 percent in 2023, with non-oil growth at 4.3 percent, broadly in line with the IMF's projections under the Article IV consultation mission of the IMF's Articles of Agreement. Non-oil GDP growth is estimated to have remained robust in 2024 despite a decline in oil sector output. Large inflows of refugees and historic flooding have exacerbated average food inflation. Most of the country has experienced energy deflation due to the downward trends in the oil sector and the energy subsidy, which we had implemented before the elections, following the decline in electricity production. The CFA franc appreciated significantly against the US dollar, increasing by about 5 percent year-to-date in the first 10 days of March.

6. Despite these shocks, we made significant progress in our fiscal consolidation efforts, with the non-oil primary deficit narrowing by 1.7 percent of non-oil GDP in 2024. Our efforts to modernize and digitize the tax administration to broaden the tax base and increase revenue collection saw non-oil revenues increase sharply from 7.1 percent of non-oil GDP in 2023 to 8.9 percent of non-oil GDP in 2024, allowing us to maintain broadly stable revenues despite a decline in oil revenues of more than 2 percent of non-oil GDP. At the same time, thanks to our efforts to streamline non-priority spending, domestically financed spending increased by only 0.1 percent of non-oil GDP despite urgent additional spending needs to respond to the unprecedented food security, refugee, and climate shocks that hit the country. As a result, we reduced the non-oil primary deficit (NOPD) from 11.7 percent of non-oil GDP in 2023 to 10.1 percent in 2024. The overall baseline fiscal deficit (CEMAC) also declined from 4.7 percent of GDP in 2023 to 3.1 percent in 2024**.**

7. We further accelerated our fiscal consolidation efforts in the first quarter of 2025. Our non-oil revenue mobilization efforts continued to yield strong results, with non-oil revenues reaching 2 percent of non-oil GDP in the first quarter of 2025 compared to 1.6 percent of non-oil GDP during the same period of 2024. Our efforts to control expenditures have also borne fruit, with domestically financed primary expenditure until end-March 2025 being limited to 2.9 percent of non-oil GDP, compared to 4 percent of non-oil GDP in the first quarter of 2024. As a result, the NOPD was 0.9 percent of non-oil GDP over the period compared to 2.3 percent of non-oil GDP during the same period in 2024.

8. We have continued to rely on external concessional financing to finance our budget, with a view to preserving debt sustainability. We contracted and received a new $500 million (2.6 percent of GDP) concessional loan from the Abu Dhabi Fund for Development in November 2024, much of which was used to finance investments necessary to cope with the unprecedented floods. While the regional treasury securities market showed significant signs of saturation during the second half of 2024, obtaining a credit rating from an international rating agency at the end of 2024 increased demand for our issuances and eased liquidity management constraints in the first quarter of 2025.

9. The medium-term outlook remains favorable. Chad is currently facing a challenging growth environment. Global oil prices dropped sharply in early 2025 and are expected to remain lower than prior projections, but non-oil growth, including gold and antimony extraction, will support overall GDP growth. Despite the current challenges, we anticipate that oil production will recover gradually, thanks to investments in the sector. Non-oil growth is expected to recover gradually in the medium term, supported by the implementation of structural reforms and an increase in public investment. Inflation is projected to stabilize, gradually aligning with BEAC's 3 percent target.

10. However, downside risks are significant. Escalation of the conflict in Sudan could result in increased refugee inflows and social tensions and put pressure on our public finances. A further substantial decline in oil prices could disrupt economic activity and limit fiscal space for investment and social spending, potentially creating additional financing needs. Financial instability linked to the saturation of the regional treasury market could worsen financing conditions, which, combined with volatile external financing sources, could lead to liquidity pressures by year-end. Security incidents could destabilize the Lake Chad region, potentially impacting agricultural production. More frequent and severe climate events, such as droughts and floods, could impact agricultural production and livelihoods.

Program Objectives and Policies under the New Extended Credit Facility (ECF)

11. This new agreement aims to support the implementation of our National Development Plan Chad Connection 2030, "Let's Build Together," which was approved by the Council of Ministers on May 29, 2025 (prior action). Specifically, the new ECF arrangement will

be built around three main pillars. The first pillar will aim to ensure a sustainable fiscal policy and create the fiscal space needed to finance the NDP's flagship development projects. The second pillar will help to support our objectives identified in the priority areas of intervention of the NDP, in particular access to basic services such as social protection and education, through an increase in targeted social spending aimed at increasing (i) the national coverage of social safety nets through a substantial increase in national identification; (ii) the opening of schools in the educational desert, including school canteens; the third pillar will aim to achieve tangible improvements in the business environment for sustainable and inclusive development through the strengthening of economic and financial governance. Finally, the new ECF-supported program will play a catalytic role in ensuring the better mobilization of support from other technical and financial partners.

12. For us, the new ECF arrangement is a policy anchor in a challenging and uncertain environment. At a time when our country is facing significant financial pressures due to the unprecedented influx of refugees and volatile, falling oil prices, and against a backdrop of declining donor support and continued financing constraints, this new program will help meet our balance of payments financing needs and reduce the risks of debt vulnerabilities. It will also make it possible to sustain a dynamic of reforms favorable to our economic development.

13. The new ECF-supported program is also consistent with the coordinated regional CEMAC approach. We recognize that the common denominators of Fund-supported programs in the region include fiscal consolidation, improved governance indicators, strengthening social safety nets, fiscal transparency, and economic diversification. Through the new program, we aim to contribute to and promote a dynamic of fiscal consolidation, as well as pursue other objectives identified. We reiterate the December 2024 communiqué of the CEMAC Heads of State, in which we committed not only to pursuing fiscal consolidation but also to producing and regularly disseminating reliable and comprehensive fiscal, economic, and financial data necessary for multilateral surveillance, monetary policy, and sectoral policies.

Pillar 1. Ensuring a Sustainable Fiscal Policy

A. Anchor Fiscal Sustainability and Create Fiscal Space for Key Social and Investment Spending

14. Our objective is to anchor fiscal policy with a view to returning to the regional fiscal convergence deficit criteria while creating fiscal space for social and capital expenditures essential for implementing our NDP. We intend to implement significant fiscal reforms underpinned by a sound medium-term fiscal framework anchored in sound public financial management and improved tax policy and administration. The macro-fiscal framework aims to respect the regional deficit criterion of 1.5 percent of GDP on average throughout the program, achieved through an operational rule designed to reduce the non-oil primary balance to below 5 percent of non-oil GDP, which is compatible with a sustainable level of public debt.

15. Our fiscal planning for 2025 aligns with the NDP.

- The government is committed to implementing the 2025 budget law, which provides for a substantial rationalization of nonpriority spending[1] in line with program objectives and targets. To boost non-oil revenue, our budget includes several reforms, including stricter taxpayer registration requirements, enhanced VAT enforcement and electronic invoicing requirements (particularly for entrepreneurs in the extractive sector), as well as new reporting mandates for banking transactions to curb tax evasion.

- In terms of debt management, our commitment is to implement the timely management of our public debt, which will ultimately enable us to lower the cost of debt and create budgetary space for our priority expenditures. Our objectives will be to avoid non-concessional external financing and limit net treasury issuances on the regional market while prioritizing, for the most part, external concessional financing from multilateral and bilateral donors to strengthen debt sustainability.

- The budget provides for the creation of 2,400 new positions in the public service, most of which will be in priority sectors.

- Finally, our budget provides for a substantial increase in social spending, with budget appropriations for social ministries amounting to 4.9 percent of non-oil GDP in the 2025 budget law, compared to 4.6 percent in the 2024 budget.

16. Over the medium term, we will accelerate our fiscal consolidation efforts to bring the non-oil primary balance below 5 percent of non-oil GDP. We aim to increase non-oil revenue mobilization by 1.9 percent of non-oil GDP over the period (excluding the one-off measures in 2024) by combining an acceleration of tax administration reforms—expected to yield 0.9 percent of non-oil GDP over the program period—with tax policy measures, which we expect to yield an additional 1 percent of non-oil GDP.

B. Raising Tax Revenue

17. We are committed to increasing non-oil revenue (quantitative performance criterion), which is essential to (i) reduce our dependence on oil revenues, (ii) mitigate the pro-cyclical nature of fiscal policy, and (iii) create fiscal space needed to finance flagship NDP projects. We will seek to improve non-oil tax revenues. Our plan includes modernizing tax and customs administration by using digital tools to identify new taxpayers and improve revenue collection. Moreover, we will continue to strengthen collaboration between the tax and customs administrations to improve tax audits.

[1] We define non-priority expenditure as expenditure excluding the education and health sectors, as well as military expenditure.

18. **Tax policy measures** (revenue gains estimated at about 1 ppt of non-oil GDP)

- We are committed to increasing revenues related to export and import duties. We have decided to impose customs duties of 5% on exports of Arabic gum, sesame, groundnuts, and leather products, an exit duty of around 10 percent on antimony and raw copper and impose 5 percent import duties on electric vehicles (prior action). We will implement these measures through a ministerial decree and expect them to generate around CFAF 25 billion per year.

- In the 2026 budget, we will propose the introduction of a specific tax on tobacco and other tobacco substitutes (shisha, etc.) on cosmetic products containing hydroquinone. We will also review new taxables values for specific products (to be detailed at the time of the first review and consistent with WTO). These measures will help promote public health and aim to generate around CFAF 10 billion per year (structural benchmark).

- We will publish an annual list of all tax incentives granted, including renewals and extensions, including the applicable statutory provisions, starting in 2026 (periodic structural indicator).

- We are also committed to broaden the excise tax base to capture luxury goods such as watches, handbags, smartphones and audio equipment, as well as fine art and collectibles, and plastics and fossil fuel products such as Styrofoam, single-use plastic bags, plastic bottles, plastic straws and cutlery, coal and coal-derived products, as well as plastic-derived synthetic textiles.

19. **Administrative measures** (estimated revenue gains of around 0.9 ppt of NOGDP)

- We will continue to make progress on the key reforms initiated in recent years, particularly standardized electronic invoicing, which we expect to increase revenues by CFAF 15 billion per year over the program period.

- We will also require the electronic payment of direct and indirect taxes and duties through banks and mobile phone operators to improve collection and ensure compliance with the law (prior action). This measure, aimed at combating tax evasion, is expected to generate around CFAF 20 billion per year.

- In 2025, the General Inspectorate of Finance (IGF) will conduct an audit of VAT credit stocks, and we will share the audit report with IMF staff. With the entry into force of the Standardized Electronic Invoicing (FEN), we will establish a more flexible mechanism for refunding VAT credits, particularly through the escrow account at the BEAC (structural benchmark).

- In the 2026 budget law, we will implement Standardized Electronic Invoicing across the public sector (structural benchmark). This will enable us to digitize and improve control functions of the public expenditure chain, as well as formalize subcontracting companies. This will also lay the groundwork for the start of automated off-site audit functions based on risk analysis once electronic tax payments and standardized electronic invoicing are in place (structural benchmark).

- We will take steps to ensure the effective recovery of taxes and duties owed by government corporations, public institutions, and independent administrative authorities.
- Moreover, we will close and suspend the opening of customs offices and posts that do not have an electronic payment system and ASYCUDA (prior action), which will help limit tax evasion and enhance the transparency and effectiveness of border revenue collection.
- We will establish a pilot center for electronic tax services in N'Djamena, in line with recent IMF technical assistance. Once it is implemented, we will evaluate the pilot center and scale up the concept of electronic tax services based on the results of this evaluation.
- The program will strengthen our digitization efforts by improving the coverage of taxpayer identification through the national identification program (see below). In addition, we will update the tax laws to clearly define the roles and responsibilities of digital taxpayers and tax administrations.
- To maximize revenue collection, a computerized interface (API) will be implemented between the revenue agencies (DGI, DGTCP, the General Directorate of Customs and Indirect Taxes (DGDDI) and the General Directorate of Public Lands and Property (DGD)) and the mobile telephone companies.

C. Improve the Quality of Public Spending

20. We plan to take measures to contain nonpriority spending on the wage bill, goods and services, and transfers and subsidies, which will reduce current expenditure by 1.4 percent of non-oil GDP (excluding the one-off measures in 2024) over the program period. We will accelerate our efforts to mobilize external concessional project financing to finance the implementation of critical investments envisaged under our NDP, which will allow us to scale up public investment while containing domestically financed capital expenditure at 1.6 percent of non-oil GDP over the program period. These measures will ensure the sustainability of the fiscal path even in the event of large shocks, with the non-oil primary balance projected to fall to 4.8 percent of non-oil GDP by 2028 and public debt to below 32 percent of GDP by 2029.

21. We aim to manage and optimize our current expenditures by streamlining non-priority expenditures, with a particular focus on the wage bill (quantitative performance criterion). We recognize that improving the quality of spending and maintaining a sustainable wage bill is essential to effectively implement our fiscal policy and respond to Chad's development and social spending needs. We are committed to reducing the wage bill from 6.8 percent of non-oil GDP in 2024 to 6.0 percent of non-oil GDP by 2030. In addition, we will rationalize transfers and subsidies while ensuring that sufficient resources are allocated to poverty reduction, particularly in social sectors and programs. As a result, current primary expenditure is projected to decline gradually from 14.6 percent of non-oil GDP in 2024 to 12.4 percent in 2030.

Payroll

- The new ECF arrangement aims to promote more sustainable wage spending while ensuring that essential recruitment in priority sectors, defined as health, education, and security, is not restricted (the ministries concerned are the Ministry of Public Health, the Ministry of National Education, the Ministry of Higher Education, and the Ministries in charge of Defense and Security, as defined in the Technical Memorandum of Understanding). We are committed to suspending new hiring in the non-priority civil and public sectors beyond the commitments made in the 2025 budget law until end-2026 (prior action). We will also suspend inter-ministerial movements of agents, except for agents joining the education, higher education, or health sectors to work as teachers and caregivers (prior action), and will make any numerical replacement, position by position, conditional on the presentation of an act of deregistration, certificates of type of death, or a retirement order (prior action). These measures will be subject to audit by the General Inspectorate of Finance (IGF) in 2026 for budget execution in 2025 and in 2027 for budget execution in 2026 (structural benchmarks).

- We undertake to develop a plan to implement the recommendations of the report of the National Commission for the Biometric Census of Civil Servants, which we will make available to IMF staff (structural benchmark), with the aim of cleaning up the work register and the payroll files by permanently eliminating all ghost workers from the civil service.

- We will publish automatic adjustments to remuneration in the annual budget laws, and we are committed to ensuring that allowances and promotions by category and grade are within the limits defined in the budget, starting with the 2026 budget law (periodic structural benchmark).

- We will issue an order clarifying and strengthening the provisions of the General Public Accounting Regulation relating to the status of public accounting officers, on the one hand, and propose amendments to certain provisions of the Tax Procedure Handbook (LPF) and the General Tax Code (CGI) relating to the exercise of certain functions, with the support of IMF staff (structural benchmark).

We will closely monitor monthly wage bill execution data and at any early indication of risks to program targets not being met, we will, in close consultation with IMF staff, propose additional new measures to ensure compliance with program targets. **Public Investment**

- The program will aim to maintain domestically financed public investment at a sustainable average of just under 4 percent of non-oil GDP during the program period, which remains above the 10-year historical average of 2.6 percent, to create fiscal space for the new NDP.

- In this context, we will establish a single database in SIGFiP, with the support of IMF staff and other partners, covering all public investment projects (both domestically and externally financed) and ensuring comprehensive monitoring of the entire project cycle. Moreover, we will be working implementing e-procurement with the support of our partners.

D. Improve Fiscal Transparency and Public Financial Management

22. We are committed to strengthening financial programming and transparency to improve budget execution and accelerate public financial management reforms. Our goal is to improve the quality of public spending. We will also aim to rein in pre-authorized spending procedures (DAO) and reduce their levels throughout the program (indicative target). We will seek to improve the transparency of our fiscal and debt-related operations, as well as to improve our ability to forecast payments and better manage our limited liquidity. Additionally, we aim to revitalize the cash flow planning committee and establish commitment plans. We will also gradually accelerate the reforms outlined in the 2022-2027 Public Finance Reform Strategy (PFRS). This strategy will help us optimize our spending for fiscal consolidation, develop a robust three-year public investment plan in line with our National Development Plan (NDP), and ensure efficient resource allocation. Finally, we will proceed with the full implementation of the SIGFiP system for all capital expenditures and establish a comprehensive database of public investment projects. These initiatives will improve transparency and accountability while supporting the monitoring and evaluation of performance.

Improve Financial Programming and Budget Transparency

- We will ensure that an order is published on the creation of a Public Finance Monitoring Committee responsible for developing and validating the government financial operations table (TOFE) (quarterly and annual) bringing together all the stakeholders, in particular the DGB, the General Directorate of Budget Execution (DGO), the Financial Control Directorate, the DGI, the DGDDI, the DGD, and the DGTCP, as well as the General Directorate of the Economy and Planning, the General Directorate for the Mobilization of External Financing, INSEED, and the BEAC (prior action).

- We are committed to publishing a quarterly TOFE beginning in January 2026 (periodic structural benchmark). We will also publish a report on consolidated debt statistics and forecasts, prepare a quarterly expenditure commitment plan based on draft budgets, accompanied by a cash flow plan and debt management strategy, and integrate a synthesis into draft budgets starting with the 2026 budget law (periodic structural benchmark).

- We will also submit the draft budget review law to the Audit Office for its final report on the implementation of the 2024 budget law and grant it access to SIGFiP, as per the statutory requirements, by end-August 2025 (structural benchmark). This will ensure direct access for audit purposes, reduce delays and paper filings, and reinforce the program's objectives to reduce DAO and extrabudgetary expenditures, as well as improve budget transparency.

- We will finish implementing the accounting phase in SIGFiP by interfacing it with the financial authorities' IT systems by 2026 to obtain complete operational coverage of the balances of the general Treasury accounts and to automate accounting entries.

Accelerate PFM Reforms

- We will amend Decree No. 3361/PT/PM/MFBCP/2023 to upgrade the pre-authorization expenditure management (DAO) module in SIGFiP, allowing for the setting aside of the portion of the budget line necessary for the regularization of each DAO (prior action).

- We will continue to implement the strategy related to the Treasury Single Account (TSA) and its roadmap by closing public bank accounts with balances below CFAF 500,000 that have not been represented since January 1, 2024. We will continue to collaborate closely with the BEAC to develop the TSA and to establish the interface between the SIGFiP and the AMS/X TSA management application, enabling complete operational management and fully digitized Treasury and budget operations. We are committed to expanding access to public services nationwide by implementing digital systems at the local and central levels, enabling us to provide public services to the entire territory. A project with the World Bank is currently under discussion.

- We are also determined to modernize the governance of public enterprises and improve their financial reporting by digitalizing management processes and implementing the legal framework that governs them.

Limiting the Procyclicality of Fiscal Policy

23. Given the country's vulnerability to shocks, we have prepared contingency plans. Our NDP includes an adverse scenario which accounts for the key risks facing our economy and that could impact the implementation of our NDP, notably oil price volatility, climate shocks, security spillovers from neighboring countries, and global geopolitical tensions. To mitigate the potential impact of these risks we have envisaged a number of contingency measures, including adjusting our budget execution by cancelling lower priority expenditure allocations, preparing a draft budget law with additional revenue increasing measures, and mobilizing additional financing to address emerging financing gaps.

24. In the specific case of oil shocks, the government intends to shield the budget to ease financing constraints and reduce procyclicality. Like many oil exporters, our budget is heavily reliant on oil revenues, which account for approximately half of our total revenues. This dependence makes fiscal policy extremely procyclical and sensitive to fluctuations in investment. To address this, we plan to lay the groundwork during the program for reforms of the fiscal framework to insulate the budget from oil price volatility. This will include an adjustor for oil price fluctuations and the implementation of an adjustment mechanism for expenditure deductions when oil prices deviate significantly from fiscal projections. Specifically, we will submit a draft supplementary budget law to the National Assembly to adjust expenditures when the impact of lower oil prices on budgeted oil revenues is greater than or equal to 30 percent, starting with the 2026 budget law (periodic structural benchmark).

Improve Public Debt Management to Reduce Sovereign Risk to Moderate

25. We also want to strengthen our public debt management. As a prior action, we will propose centralizing public debt analysis and monitoring within the General Directorate of the Treasury. This unit will be responsible for consolidating debt data from the relevant ministries and agencies, developing forecasts, and contributing to the preparation of a regular financing plan as well as a debt management strategy, which would also be embedded in the budget documents.

26. We commit to continue to take up new loans only on concessional terms (quantitative performance criteria). Our approach aims to gradually improve the sustainability of our public debt and contain sovereign risk. By favoring low-cost financing with long maturities, we intend to reduce the debt service burden while creating space for our priority investments. We are also committed to the non-accumulation of external arrears (quantitative performance criteria). This strategy aligns with our goal of enhancing the credibility of our debt management framework and establishing a sustainable fiscal path over the medium term.

Pillar 2. Improve Access to Basic Services, such as Social Protection and Education, Through Increased Targeted Social Spending

A. Expand Biometric Identification Nationwide to Ensure Access to Public Services

27. National identification is essential to ensure access to basic public services, as envisaged in our NDP. We are aware that the main obstacle to inclusion is the lack of national identification for most of the population. Without identification, we will not be able to enable our population to access public services, benefits, and economic opportunities, especially in the new digital world that we envision in our NDP. With the support of ANATS and the technical and financial partners, we will ensure (i) cross-checking of the various existing identification databases, (ii) the connection of these data to the NNI at the national level, and (iii) the dynamic and regular updating of these data. It is essential for us to promote biometric identification to enhance security, as it allows individuals to be authenticated uniquely, thereby preventing fraud and identity theft while facilitating quick and reliable identification. National biometric identification will enable us to implement in a tangible, secure, and effective way the strategy for financial inclusion and the Unified Social Register (RSU), as well as the cash transfer programs, and, thanks to digitization and connection to the NNI, to make significant progress towards increasing the tax base.

28. With the support of donors, we aim to extend biometric identification nationwide in the long term and connect it to a national identification number (NNI) for all individuals. Although pilot initiatives by partners were launched in February 2025 to issue biometric identity cards to 25,000 refugees, with the long-term objective of covering a significant share of the refugee population of around 500,000, the identification coverage among the local population remains limited and is well below that of our neighboring countries. We are committed to expanding identification coverage well beyond refugee populations to reach the local population. With the new ECF arrangement, we will, therefore, develop an identification program that will aim to cover 80 percent of the population by the end of the program. To this end, in regions or areas where local populations benefit from infrastructure initially dedicated to refugees and which the local population also uses (e.g., health centers or schools), we will seek to use this infrastructure to aim, in coordination with partners working in these regions or areas, to extend identification coverage to local populations and provide them with in the same way as refugees, biometric identity cards that will be compatible with the NNI. To improve identification coverage at the national level, we will work to remove obstacles to biometric registration of the local population, such as a lack of infrastructure that discourages registration and gender disparities, and coordinate with technical and financial partners to address these issues. Through the implementation of the NDP and the construction of all new infrastructure, we intend to promote, in the long term, systematic biometric registration in connection with the provision of NNI on a national scale.

B. Target Social Spending by Institutionalizing and Domestically Financed Social Safety Nets and School Lunches.

29. We are committed to institutionalizing social safety nets, particularly by advancing the agenda for the Unified Social Register (RSU) and expanding its coverage nationwide (indicative target). In 2024, we had already established a National Social Protection Strategy with the World Bank, which emphasizes adaptive social protection, including the development of a national cash transfer program and an RSU. However, the National Social Protection Strategy is set to expire in 2028. To ensure the continuation and expansion of the national social protection strategy’s implementation, the Adaptive and Productive Safety Nets Project, with the support of the World Bank, aims to expand the coverage of the RSU and the cash transfer program. Especially in the current context where development aid is uncertain, we recognize that institutionalization and local financing are essential for the sustainability of this program in the medium and long term. The new ECF arrangement will allow us to begin providing access to basic services, as outlined in our NDP. To this end, and with the support of IMF staff, the World Bank, and other donors, we undertake to create the institutional and governance structure that will enable our technical teams to advance the RSU agenda, including updating the decree on the Unified Social Register (structural benchmark). Currently, the RSU is hosted by INSEED, and although an agreement has been signed between the RSU and 19 institutions, only eight institutions have contributed to the registry. We are committed to making the agreement operational with all the signatories. The new ECF arrangement will, therefore, aim to support a structural expansion of RSU coverage at the national level.

30. The effective implementation of the cash transfer program will be supported by the expansion of the national identification program, which was the main obstacle to developing secure and effective coverage of the RSU. The issuance of identification is essential both for the implementation of the social registry and for safety nets. Recently, as part of the implementation of the RSU, and with the support of the World Bank, ANATS has been working to provide the local population with a unique biometric identification number (biometric national identity card instead of the standard national identity card). With the support of the World Bank, we are committed to continuing to expand biometric identification in the implementation of the RSU and to connecting this ID number to the NNI nationwide. We are also committed to actively and regularly updating the RSU with the support of the technical and financial partners.

31. We are also committed to gradually increasing direct funding for the Adaptive and Productive Cash Transfer Program to extend social protection to the most vulnerable households. To this end, we are committed to incremental increases of US$2.5 million per year over the program horizon (indicative target). The institutionalization of the national program and its direct financing will send a strong signal on our commitment to implementing strong reforms in line with our National Development Plan (NDP).

32. To significantly and sustainably improve access to education, we are committed to institutionalizing and gradually increasing direct funding for school canteens (indicative target). School canteens enable us to tackle food insecurity and malnutrition and structurally improve access to education. For the first time in Chad's history, we have included school canteens in the 2025 budget for a total amount of CFAF 500 million. We aim, in particular, to improve access to education in eight provinces (Borkou, Tibesti, Ennedi East, Ennedi West, Wadi-Fira, Kanem, Bahr El Gazal, and Batha) that have the highest levels of food insecurity and malnutrition. Based on the estimated financing requirements for the project developed by FAO, which amount to USD 2 million for the period from May 2025 to April 2027, we are determined to continue our support for this initiative for USD 1 million in the 2026 budget law, in addition to the support already provided in the 2025 budget and to gradually increase our annual contribution to each of the budgets throughout the program. In coordination with the FAO and as part of their cash transfer program, we are committed to connecting vulnerable populations, as identified by the FAO, to unique digital identifier numbers provided by ANATS, which will then be linked to the NNI on a national scale. In the long run, this will contribute to the improvement of national identity.

Pillar 3. Strengthen Economic and Financial Governance

A. Strengthen Financial Sector Supervision and Promote Financial Inclusion

33. A stable and well-functioning banking sector remains essential to promote strong and inclusive growth and improve the business climate, as envisaged in the NDP. We recognize the need to address the persistent vulnerabilities of the two state-owned banks, the Commercial Bank of Chad (CBT) and the Commercial Bank of Shari (BCC). Debt conversion agreements have been signed with one of the banks for an amount of CFAF 68 billion, and the remainder of CFAF 100 billion, as provided for in the 2025 budget law, will be allocated to these two banks. Following the recent governance change, the two banks are preparing restructuring plans for submission to COBAC before end-December 2025 (SB), with capital increases planned for early 2026. We remain fully committed to supporting these efforts and will review the budget implications as part of preparing the 2026 budget law to allow for implementation without delay. At the same time, efforts to privatize the two other public banks, Banque Agricole du Chari (BAC) and Banque de l'Habitat du Tchad (BHT), led to the signing of agreements, which are expected to be finalized shortly. We will also submit to the COBAC requests for assent on the ownership transfer of these two latter banks (structural benchmark). We are committed to finalizing the restructuring plans for the BCC and the CBT, as well as finalizing the ownership transfer of the BAC and the BHT before the end of December 2026 (structural benchmark). In the medium term, our objective is to disengage the government from the financial sector, subject to the identification of suitable buyers.

34. We are committed to strengthening financial inclusion, a crucial component for private sector development and poverty reduction efforts. We will support the development of viable microfinance institutions while strengthening sector supervision, regulation, and monitoring. In close cooperation with COBAC, we will improve the operational capacity of the Directorate of Financial and Monetary Affairs and of the Supervision of Microfinance Institutions within the Ministry of Finance, Budget, Economy, Planning and International Cooperation. We will endeavor to ensure the proper implementation of the BEAC's pilot project, which establishes a credit bureau. In parallel, we will implement targeted actions in the area of financial education, particularly through training and support programs in coordination with technical and financial partners and consultation with the private sector. These efforts build on ongoing initiatives to develop one-stop shops, support entrepreneurship, and improve credit recovery mechanisms. Finally, to increase access to banking and financial services, we will promote the use of secure mobile payment solutions.

B. Assess the Nature and Severity of Governance Vulnerabilities, Including Corruption

35. As part of our efforts to strengthen transparency, the effectiveness of public institutions, and combat corruption, we are requesting IMF support for a Governance Diagnostic (GD). The diagnostic will be conducted independently by IMF staff in FY2026. The report will identify key institutional vulnerabilities and assess those state functions that are most relevant to economic activity. The diagnostic will make priority recommendations for improving economic and financial governance to promote sustainable and inclusive economic development. We are committed to publishing the final report of the diagnostic mission and implementing all the mission's recommendations. We will incorporate some of the recommendations in the context of the ECF-supported program in coordination with the IMF team, and we will aim to implement the rest of the recommendations with the support of other donors.

36. In the meantime, we intend to strengthen the governance of the oil sector. Our economy is still highly dependent on the oil sector. It is, therefore, essential for us that this sector is managed in a transparent and accountable manner. We are committed to ensuring transparency and accountability by providing IMF staff with a progress report on the audit of oil revenues since 2020, as well as on the implementation of a visualization system (Data Analytics) for the management of oil revenues (prior action) and publishing the final report by end-December 2025 (structural benchmark). We undertake to incorporate the conclusions and recommendations from the audit report into the program conditions for future reviews. These will then provide the basis for a structural reform of the energy subsidy regime. Additionally, we will publish oil and mining agreements with companies operating in the extractive industry, along with the names and nationalities of the beneficial owners, on an easily accessible government website. We will also implement an asset declaration regime for the oil sector in line with international best practices during the program period.

Data Quality

37. We are committed to producing and disseminating quality statistical information promptly to ensure rigorous program monitoring. To this end, we will provide the National Institute of Statistics (INSEED) and our other statistics departments with the necessary financial, human, and material resources to effectively carry out their respective missions. As in the past, we are counting on the support of our partners to provide both financial and technical assistance. In addition to improving the quality and frequency with which existing statistics are produced, we also plan to produce new statistics to further improve the availability of economic information over the long term. Among the areas under consideration are the publication of statistics on the international investment position, quarterly production, and GDP data, and the expansion of the scope of the budgetary accounts from the central government to the general government.

38. In the shorter term, we will work to complete the following activities:

- Finalize and publish quarterly GDP data to better monitor the country's economic situation.
- Formalize the gold sector.
- Provide supply and use tables (SUTs) for 2005-23 at basic prices, useful for analytical exercises, while also continuing to provide SUTs at the previous year's prices in line with 2008 SNA.
- Progress should be made on the rebasing of the national accounts for the years 1980-2005.
- With the support of IMF staff, reconcile the statistics produced by INSEED and the BEAC, particularly concerning the balance of payments, and prepare the economic reports.

Modalities of Program Monitoring

39. Under the ECF arrangement, the program will be subject to semi-annual reviews and will be assessed based on periodic and continuous performance criteria, and indicative targets (Table 1). Progress on structural reforms will be evaluated based on structural benchmarks (Table 2). Detailed definitions, calculation modes, and reporting requirements for all performance criteria will be specified in the Technical Memorandum of Understanding (TMU) attached to this Memorandum. The latter will also define the scope and frequency of the data to be reported to IMF staff for program monitoring. Throughout the program, the authorities, including the BEAC, will not : (i) impose or intensify restrictions on the making of payments and transfers for current international transactions; (ii) introduce or modify MCPs; and (iii) conclude bilateral payments agreements that are inconsistent with Article VIII, without prior IMF approval in accordance with Article VIII of the Fund's Articles of Agreement. The first and second program reviews will take place on or after December 15, 2025, and June 15, 2026, respectively, based on the performance criteria established for the test dates of end-June 2025 and end-December 2025.

Table 1. Chad: Quantitative Performance Criteria (QPC) and Indicative Targets (IT)* under the ECF Arrangement, June 2025–Dec 2026
(In billions of CFAF, unless otherwise indicated)

	End-June 2025 QPCs	End-September 2025 ITs	End-Dec 2025 QPCs	End-March 2026 ITs	End-June 2026 ITs	End-Dec 2026 ITs
	Proposed	**Proposed**	**Proposed**	**Proposed**	**Proposed**	**Proposed**
Quantitative Performance Criteria						
1. Ceiling on new external arrears of the government and non-financial public enterprises[1]	0	0	0	0	0	0
2. Ceiling on contracting or guaranteeing new non-concessional external debt by the government and non-financial public enterprises[1]	0	0	0	0	0	0
3. Floor on non-oil primary budget balance (NOPB)[2]	-301	-507	-728	-142	-290	-709
4. Floor on government tax revenue, excluding tax revenue from oil companies[3]	436	650	876	234	506	1016
5.Ceilling on wages and salaries	332	505	678	167	340	693
Indicative Targets						
6. Pre-authorized spending procedures-DAO (Percent of primary spending)[4]	*30*	*28*	*25*	*23*	*20*	*15*
7. Ceiling on net domestic government financing[3]	14	80	-125	82	61	-133
8. Ceiling on the stock of domestic payment arrears by the government[5]	184	179	174	172	169	167
9. Floor for social spending on cash-transfers and school feeding programs			0.5	0.9	1.8	3.6
Memorandum items:						
10. Oil Revenue	*452*	*686*	*920*	*158*	*337*	*686*
11. Grants	*139*	*222*	*346*	*62*	*162*	*401*
12. External concessional borrowing	*92*	*136*	*410*	*28*	*104*	*532*

Sources: Chadian authorities; and IMF Staff.
* The adjustors for the QPCs and ITs are defined in the TMU.
1/ Applies continuously.
2/ NOPB: Non-oil revenue less grants, minus domestically financed primary expenditure (ie. expenditure, less net interest payments and foreign financed investment). This excludes inkind transfers to the national electricity company (SNE).
3/ See TMU.
4/ DAO is defined as all expenditures which do not go through the standard spending procedure. Regularization of DAO consists in recording the expenditure in the correspondent line of the budget. This will be done within 45 days after the end of the quarter. The IT will be calculated cumulatively from the beginning of the year.
5/ Stock of verified arrears as definied In line with the TMU.

Table 2. Chad: Structural Benchmarks and Prior Actions for the ECF Arrangement 2025-26

	Objective of the ECF	Prior Actions
1.	Raise non-oil revenues	Issue a decree (*Arrêté*) establishing export and import duties of 5% on certain products, other than essential goods and nontaxed products (detailed in the MEFP ¶18), and up to 10% on antimony, unprocessed copper, and electric engines.
2.	Raise non-oil revenues	Issue a decree (*Arrêté*) requiring the e-payment of taxes, fees and direct and indirect duties through banks and mobile telephone operators.
3.	Raise non-oil revenues	Issue a directive (*Directive*) to close and suspend the opening of customs offices and posts that do not have an e-payment system and ASYCUDA.
4.	Contain the wage bill	In consultation with the Minister in charge of the Civil Service and by exchange of letters, suspend (i) new hires in the non-priority civil public sector (detailed in the MEFP ¶21), beyond the commitments made in the 2025 budget law, until the end of 2026, as well as (ii) interministerial movements of agents, except in cases of agents joining the education, higher education, or health sectors to work as teaching and health staff ; and (iii) make numerical replacements, position by position, conditional on the submission of deletion (radiation) acts, death and retirement certificates.
5.	Strengthen governance and improve transparency in the oil sector	The authorities will provide IMF staff with the progress report on the audit of oil revenues since 2020 and the establishment of a visualization system (Data Analytics) for the management of oil revenues in Chad.
6.	Strengthen financial programming and fiscal transparency	Amend Decree #3361/PT/PM/MFBCP/2023 to upgrade the pre-authorized spending (DAO) management module in SIGFiP to allow for the sequestration of the portion of the budget line necessary for the regularization of each DAO.
7.		Finalize and adopt, in Cabinet, the National Development Plan (Chad Connection 2030).

Table 2. Chad: Structural Benchmarks and Prior Actions for the ECF Arrangement 2025-26
(continued)

	Objective of the ECF	Structural Benchmarks
		First Review
1.	Raise non-oil revenues	Include in the draft 2026 budget law (i) the imposition of the specific tax on other tobacco and tobacco substitutes (shisha) and on cosmetic products with hydroquinone (detailed in the MEFP ¶18); (ii) new taxable values for the import of agricultural products, milk, luxury goods and some products harmful to health (detailed in the MEFP ¶18).
2.	Raise non-oil revenues	Conduct an audit by the General Inspectorate of Finance (IGF) of VAT credit stocks and submit the audit report to IMF staff, negotiate an agreement to clear the VAT credits validated by the audit, allocate 15 percent of VAT revenues to the VAT escrow account at BEAC, and establish a refund protocol to facilitate the VAT refund mechanism.
3.	Contain the wage bill	Develop a plan to implement the recommendations from the report of the National Commission on the Biometric Census of Civil Servants, made available to IMF staff.
4.	Strengthen governance and improve transparency in the oil sector	Publish the audit of oil revenues since 2020 and the implementation of a visualization system ("Data Analytics") for the management of oil revenues in Chad, by end-November 2025.
5.	Strengthen financial programming and fiscal transparency	Submit the draft Settlement Law (*Loi de Règlement*) necessary to the Court of Accounts for the final report on the implementation of the 2024 budget law and grant them access to SIGFiP, in compliance with the legal provisions, by end-August 2025.
6.	Raise non-oil revenues	Include in the 2026 budget law the implementation of the standardized electronic invoicing across the public sector.

Table 2. Chad: Structural Benchmarks and Prior Actions for the ECF Arrangement 2025-26 (concluded)

Second Review

7.	Improve financial stability	Submit to COBAC, before end-December 2025, i) the restructuring plan of BCC, ii) the revised restructuring plan of CBT, iii) the requests for opinions (*avis conforme*) related to the sale of BAC and BHT.
8.	Strengthen financial programming and fiscal transparency	Issue a decree (*Arrêté*) specifying and strengthening the provisions of the General Regulation on Public Accounting relating to the status of public accountants on the one hand and propose an amendment to certain provisions of the tax procedure code relating to the exercise of certain functions within the framework of the Tax Procedure Code (TPC) and the General Tax Code (GTC), with the support of IMF staff.
9.	Strengthen inclusion and access to public services	Develop the organization related to the implementation of the unified social registry, which will allow to expand national coverage, with the support of IMF staff.

Periodic Structural Benchmarks

1.	Strengthen financial programming and fiscal transparency	Publish a quarterly TOFE on accrual basis, validated by the Public Finance Monitoring Committee, starting from January 2026.
2.	Strengthen financial programming and fiscal transparency	Publish a report on consolidated debt statistics and forecasts and prepare a quarterly expenditure commitment plan based on draft budgets, accompanied by a cash flow plan and debt management strategy, and incorporate a summary in the draft budgets from the 2026 budget law onwards.
3.	Enhance transparency and raising non-oil revenues	Publish an annual list of all tax incentives granted, including renewals and extensions, indicating the relevant legal provisions, starting from the 2026 budget law onwards.
4.	Ringfence the budget from oil shocks	Submit to the National Assembly a draft revised budget law to adjust expenditures when the impact of price declines on budgeted oil revenues is greater than or equal to 30%, starting with the 2026 budget law.
5.	Contain the wage bill	Ministry of Finance to publish automatic adjustments to remunerations in the annual budget law. The awarding of allowances and promotions by category and grade must be done within the ceilings defined in the budget, starting with the 2026 budget law.

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) spells out the concepts, definitions, and data reporting procedures mentioned in the Letter of Intent (LOI) and Memorandum on Economic and Financial Policies (MEFP) of July 2, 2025. It describes the information requirements to monitor performance under the ECF arrangement. The authorities will consult with the IMF before modifying measures contained in this TMU or adopting new measures that would deviate from the goals of the program. It describes more specifically:

a) data reporting procedures;

b) definitions and computation methods;

c) quantitative performance criteria;

d) indicative targets;

e) adjusters to the quantitative performance criteria and indicative targets; and

f) prior actions and structural benchmarks.

B. Reporting Procedures to the IMF

2. Data on all the variables subject to quantitative performance criteria (QPC) and indicative targets (ITs) and information on the progress towards meeting structural benchmarks will be transmitted regularly to the IMF in accordance with the table shown in Table 2. With respect to continuous QPCs, the authorities will report any non-observance to the IMF promptly. For the purpose of this TMU, days refer to calendar days unless otherwise specified. Revisions to data will also be forwarded to the IMF within 14 days after being made. In addition, the authorities will transmit to IMF staff any information or data not defined in this TMU but pertinent for assessing or monitoring performance relative to the program objectives.

A. Definitions and Computation Methods

3. Unless otherwise indicated, the term *Government* refers to the Central Government of the Republic of Chad comprising all the executive bodies, institutions and any structure receiving special public funds and whose competence is included in the definition of central government subsector as defined in Government Finance Statistics Manual 2014.[1]

4. A public nonfinancial enterprise is a government–controlled corporation whose principal activity is the production of goods or nonfinancial services.[2] For the purpose of the

[1] See GFSM 2014, paragraph 2.85–2.89.

[2] Control of a corporation is defined as the ability to make key financial and operating decisions (see GFSM 2014 paragraph 2.104 – 2.114).

program monitoring, these comprise: *Société Tchadienne des Eaux (STE), Société Nationale d'Electricité (SNE), Société des Télécommunications du Tchad (SOTEL), Société Tchadienne des Postes et de l'Epargne (STPE), Société des Hydrocarbures du Tchad (SHT), Nouvelle Société des Textiles du Tchad (NSTT), Socièté Nationale de Ciment (SONACIM Tchad), Société Industrielle de Materiels Agricoles et d'Assemblage des Tracteurs (SIMATRAC), Fonds d'Entretien Routier (FER), Société Nationale d'Exploitation Hôtelière (SONEXHO), Société Nationale d'Exploitation Minière et de Contrôle (SONEMIC), and Société Moderne des Abattoirs de Farcha (SMAF).*

5. Oil revenue is defined as the sum of: (i) the gross sales revenue of Government 's crude oil obtained through Government 's equity participation in oil companies minus all costs incurred due to the equity participation (cash-call) and transportation cost associated with the sales of Government 's crude oils; (ii) royalties on production; (iii) statistical fees; (iv) profit tax; (v) dividends; (vi) bonuses; (vii) revenues from exploration duties; (viii) surface tax; (ix) access rights to the pipe; and (x) any other flows of revenue paid by oil companies (settled in-kind and in-cash), except indirect duties and taxes. The authorities will notify IMF staff of changes in the oil taxation systems and laws that may impact revenue flows. Exceptional receipts paid by oil companies, whose definition is given in Paragraph 7 below, are excluded from oil revenue.

6. Tax revenue, excluding tax revenue from oil companies, is defined as all the Government 's tax revenue, with the exception of oil revenue as defined under paragraph 5.

7. Exceptional receipts are defined as the following payments to the Government:

- Payments from resolution of protracted disputes between foreign companies operating in Chad and the Government in connection with their tax obligations or potential violations to laws and standards or any other legal obligations.

- Payments from the sale or placement or privatization of Government 's assets or form the granting or renewal of licenses.

8. Total Government revenue is the sum of tax revenue and non-tax revenue (as defined in GFSM 2014, Chapter 5). Oil revenue, as defined in paragraph 5, tax revenue, as defined in paragraph 6, and exceptional receipts, as defined in paragraph 7, will be shown in the breakdown of total Government revenue report.

9. Total Government expenditure is the sum of: expenditure on Government employees (wages, salaries, allowances, bonuses, etc., as provided in the document "*Masse salariale*", see Paragraph 11 for details); purchases of goods and services; transfers (including subsidies, grants, social benefits, and other expenses but excluding in-kind transfers to Société Nationale d'Electricité); interest payments; and capital expenditure. All these categories are recorded on a commitment basis, unless otherwise stated. Except for capital expenditure, which is defined in accordance with the Government Finance Statistics Manual 1986 (GFSM 1986), all other spending items are defined in accordance with GFSM 2014 (Chapter 6).[3] Total Government expenditure also includes "*dépenses avant ordonnancement*" (DAO) which are not yet regularized (see paragraph 10 for details).

10. *Dépenses avant ordonnancement* (DAO) is defined as all expenditures which do not follow the standard spending procedure. A standard procedure entails a chain that comprises the commitment ("*engagement*"), the validation ("*liquidation*"), the authorization of payment order ("*ordonnancement*"), and the payment.

11. Wages and salaries correspond to the compensation of all Government *employees*, via ordinary or in-kind payment, including civil servants and members of the state institutions and of the armed and security forces. Compensation is defined as the sum of wages and salaries, allowances, bonuses, pension fund contributions on behalf of civil servants, and any other form of monetary or non–monetary payment. For the purpose of program monitoring, data are computed from the document "*Masse salariale*", which excludes compensations to staff under certain contracts that are classified as Transfers (see Paragraph 13 for details).

12. Subsidies are defined as Government current expenditure that are made to enterprises on the basis of the level of their production activities or the quantities or values of the goods or services they produce, sell, export, or import. For the purpose of program monitoring, subsidies refer to those reported in "Tableau de 4 Phases".

13. Transfers are defined as Government current expenditure to individuals, private nonprofit institutions, nongovernmental organizations (NGO), corporations, or Government units that are not included in other categories of transfers. For the purpose of program monitoring, transfers refer to those reported in "*Tableau de 4 Phases*".

14. For the purposes of this TMU:

- The term "debt" is defined in accordance with paragraph 8 of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 16919-(20/103) but also includes contracted or guaranteed commitments for which values have not been received. For purposes of these guidelines, the term "debt" is understood to mean a current, that is, not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debt can take several forms; the primary ones being as follows:

[3] Capital Expenditure are expenditure implemented for the acquisition of land, intangible assets, Government stocks, and nonmilitary, nonfinancial assets, whose value exceeds a minimum value, and which are to be used for more than one year in the process of production. Capital expenditure is frequently separated (in some cases along with certain revenue) into a separate section or capital account of the budget or into an entirely separate budget for expenditure, i.e., the capital budget. This separation may sometimes follow different criteria, however.

i Loans, that is, advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits) and temporary exchange of assets that are equivalent to fully collateralized loans, under which the obligor is required to repay the loaned funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

ii Suppliers' credits, that is, contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

iii Lease agreements, that is, arrangements under which the lessee is allowed to use a property for a duration usually shorter than that of the life of the property in question, but without transfer of ownership, while the lessor retains the title to the property. For the purposes of this guideline, the debt is the present value (at the inception of the lease) of all the lease payments expected for the period of the agreement, except payments necessary for the operation, repair, and maintenance of the property;

- In accordance with the definition of debt set out above, penalties and judicially awarded damages arising from failure to pay under a contractual obligation that constitutes debt are also debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

- Domestic debt is the sum of (i) the stock of outstanding treasury securities issued in the regional (CEMAC) market, and (ii) any debt other than treasury securities contracted or guaranteed by the public sector with Chadian residents and/or the BEAC.

- External debt is any debt contracted or guaranteed by the public sector with non-residents, excluding treasury securities issued in the regional (CEMAC) market and debt with the BEAC.

- Debt is considered concessional if it includes a grant element of at least 35 percent, and non-concessional otherwise.[4] The grant element is defined as the difference between the nominal value of the loan and its present value, expressed as a percentage of the nominal value of the loan. The present value of the debt at the date on which it is contracted is calculated as the discounted sum of all future debt service payments at the time of the contracting of the debt.[5] The discount rate used for this purpose is 5 percent per annum.

[4] The IMF website gives an instrument (link hereafter) that allows the calculation of the grant element for a wide range of financing packages: http://www.imf.org/external/np/pdr/conc/calculator.

[5] The calculation of concessionality takes into account all aspects of the loan agreement, including maturity, grace period, schedule, commitment and management fees commissions. The computation of the grant element for loans from the Islamic Development Bank (IsDB) will take into account the existing agreement between the IsDB and the IMF.

15. Domestic payment arrears are defined as the sum of (i) recognized expenditure payment arrears, (ii) unrecognized expenditure payment arrears, and (ii) domestic debt payment arrears not paid after the due date (taking into account any applicable contractual grace periods), which are defined below:

- The outstanding amount in a payment order, to a private or public company, for an expenditure incurred, validated and certified by the financial controller and then created by the "*Direction of Ordonnancement*", is defined as a float after the payment authorization is issued by the Treasury. The outstanding amount of a float is classified as a recognized expenditure payment arrear 90 days after the issuance of the payment authorization. The recognized expenditures payment arrears so defined do not include domestic debt payment arrear and arrears on wage and salaries. Unrecognized expenditure payment arrears are defined as any potential expenditures payment arrears which have not gone through that standard spending procedure.

- Unrecognized expenditure payment arrears are defined as: (i) claims related to capital expenditures incurred under public procurement contracts but which have not gone through the standard spending chain, (including "décomptes"); (ii) claims related to goods and services expenditures that have not gone through the standard spending chain; (iii) claims related to public procurement contracts for capital expenditures that have not generated any "décomptes".

- Domestic debt payment arrears are defined as the difference between the amount required to be paid under the contract or legal document and the amount actually paid after the payment deadline specified in the pertinent contract.

16. External debt payment arrears are defined as external debt obligations of the Government and public non-financial enterprises that have not been paid when due in accordance with the relevant contractual terms (taking into account any contractual grace periods). This concept excludes arrears on external financial obligations of the Government for which the creditor has accepted in writing to negotiate alternative payment schedules before the relevant payment due and excludes technical arrears that are less than six weeks.

17. The non–oil primary balance (NOPB) is defined as the difference between: (i) total Government revenue (excluding grants, oil revenue and exceptional receipts); and (ii) primary expenditure on a commitment basis, which is defined as the total Government expenditure minus interest payments on domestic and external debt and foreign–financed capital expenditure.

18. Social spending on cash transfers and school feeding programs is defined as: the sum of (i) domestically financed Government current expenditure allocated to the Productive Social Safety Net Program (PSSNP) for cash transfers and the implementation of the unified social registry in line with World Bank program design and technical support, and (ii) domestically financed Government current expenditure on school feeding programs, defined as programs facilitating access to health and nutrition within schools supported by the Food and Agriculture Organization.

19. Domestic Government financing is defined as the sum of (i) the issuance of treasury securities in the regional market (CEMAC) and (ii) the contracting of any other debt to Chadian residents. Net Government domestic financing is subdivided into net bank financing, net securitized financing, net Government financing from BEAC, and other non-bank financing. Net bank financing is defined as the change in the net Government position towards the domestic commercial banks. Net Government financing from BEAC is defined as the change in net Government position towards the BEAC and includes the disbursements by the IMF, net of amortization[6]. Net securitized financing includes the issuance of Government Treasury bonds, Treasury bills (includes prepaid interest) and bond loans (*emprunts obligataires*) in CFAF to domestic and regional banks net of related amortizations since the end of the previous year.

B. Quantitative Performance Criteria

20. The quantitative performance criteria and indicative targets listed below are those specified in Table 1 of the MEFP. [7] Continuous Quantitative Performance Criteria (QPC) require that at no point in time they are non-observed. Should any non-observance occur, the authorities would inform Fund staff promptly (regardless of the data reporting periodicity set forth in Table 2). Adjusters for the QPCs are specified in Section E below. Unless stated otherwise, all quantitative performance criteria will be assessed cumulatively from the beginning of the calendar year to the applicable test-dates (the assessment period) specified in Table 1 of the MEFP. The quantitative performance criteria and details on their assessment are as follows:

- **A zero ceiling on the accumulation of any new external payment arrears** by the Government and public non-financial enterprises (debts guaranteed by the Government). This ceiling applies continuously. Any non-observance to the ceiling will be reported promptly to the IMF with information regarding the date of the non-observance, the amount of the missed payment, and the creditor involved.

- **A zero ceiling on new non-concessional external debt** contracted or guaranteed by the Government and non–financial public enterprises, with a maturity of more than one year. This ceiling applies continuously and does not include IMF financing. Excluded from the ceiling are: (i) normal short–term credits for imports; and (ii) debt contracted before the ECF arrangement and rescheduled during this arrangement to the extent that the rescheduling is assessed to improve the overall public debt profile in terms of key indicators in the DSA (based on consultation with IMF staff).

[6] Net claims of the BEAC and domestic commercial banks to the government represent the difference between Government debts and its deposits in the Central Bank and commercial banks. The scope of the net claims of the bank system on the government is defined by BEAC and represents the Government net position.

[7] In addition to QPCs enumerated above, the following standard continuous performance criteria will also apply: (i) not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) not to introduce new or intensify existing multiple currency practices; (iii) not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article III); and (iv) not to impose new or intensify existing import restrictions for balance of payments reasons.

- **A floor for the non–oil primary balance**.
- **A floor on government tax revenue,** excluding tax revenue from oil companies.
- **A ceiling on wages and salaries.**

C. Indicative Targets and Memo Items

The indicative targets and memo items listed below are those specified in Table 1 of the MEFP. Adjusters of them are specified in Section E below. Unless stated otherwise, all indicative targets will be assessed cumulatively from the beginning of the calendar year to the applicable test dates (the assessment period) specified in Table 1 of the MEFP.

Indicative targets

21. The indicative targets and details on their assessment are as follows:

- **A ceiling on emergency spending procedures** (DAO), excluding the wage bill, military spending and debt service as a percent of primary spending excluding the wage bill and military spending. Military spending is spending by the Ministry of Defense, including Exceptional Security Expenses (DES) of section 88.
- **A ceiling on net domestic Government financing,** as defined in paragraph 20.
- **A ceiling on the stock of domestic expenditure payment arrears**. Domestic arrears include (i) the stock of recognized domestic payment arrears at the Treasury and (ii) the stock of unrecognized payment arrears as defined above. As of end-March 2025, the stock of recognized expenditure payment arrears at the Treasury was at CFAF 61.1 billion based on information in the Table "*Tableau de Suivi de la Dette Interieure*" (prepared by the Treasury), and the stock of unrecognized expenditure payment arrears was CFAF 122.7 billion, based on information from the Table "*Situation des decomptes'*.
- **A floor on social spending on cash-transfers and school feeding programs,** as defined in paragraph 18**.**
- **A floor on the number of additional provinces covered by the social registry,** as defined in paragraph 19.

22. Memorandum Items

- **Oil revenue** (billions of CFAF).
- **Grants** (billions of CFAF)**.**
- **External concessional borrowing** (billions of CFAF)

D. Adjustors to Performance Criteria and Indicative Targets

23. To take into account factors or changes beyond the Government's control, the following quantitative performance criteria during the assessment period will be adjusted as follows:

- If the total budgetary revenue and grants are lower than the programmed amount, because of lower oil revenue or budget support, then the ceiling on net domestic financing will be adjusted upward by 50 percent of the shortfall[8].
- If the total budgetary revenue and grants are larger than the programmed amount, because of higher oil revenue (excluding debt service to Glencore), budget support, and/or exceptional receipts, the excess amounts –excluding the amounts placed in the Special Account of the Treasury for Oil Price and Production Smoothing—must be used through adjustment of a combination of the following elements:[9]
- the floor for the non-oil primary balance will be adjusted down by 50 percent of the excess amount and the resulting additional fiscal space should be allocated to capital spending on priority priorities identified in the National Development Plan 2025-2030; and
- the ceiling on net domestic financing will be adjusted down by 50 percent of the excess amount.

[8] The floor on the non-oil primary balance is not adjusted as it excludes oil revenues and budget support grants.

[9] Twenty percent of total surplus oil revenue-as defined in the Oil Price and Production Smoothing Law-will be deposited at the end of the year in the Special Account of the Treasury for Oil Price and Production Smoothing, up to CFAF 10 billion.

Table 1. Chad: Summary of Data to Be Reported		
Data	***Provider***	***Periodicity and Target Date[1]***
Oil and non–oil revenue, with detailed breakdown by each revenue/tax type (including non-tax revenues) *Collection situation* *Revenue position of the revenue–collecting agencies*	Ministry of Finance, Budget, Planning, and International Cooperation (Treasury)	Monthly, within 45 days of month–end
Quarterly EY Report on Oil Export Sales	Ministry of Finance, Budget, Planning, and International Cooperation	Quarterly, within 45 days of quarter-end
Budget execution data showing commitments, validations, authorizations of payment order, and cash payments *Table showing the four phases; payroll table, including benefits*	Ministry of Finance, Budget, Planning, and International Cooperation General Budget Directorate DGB	Monthly, within 45 days after month–end.
Table of expenditure on a commitment basis; TOFE, on a cash basis; *Comparative table on budget execution, consolidated balance tables (changes in debts, claims, etc.); and consolidated* *Treasury balance*	Ministry of Finance, Budget, Planning, and International Cooperation General Budget Directorate DGB DGTCP DGTCP	Monthly, within 45 days of month–end

Table 1. Chad: Summary of Data to Be Reported (continued)		
Data	***Provider***	***Periodicity and Target Date***[1]
TOFE on a commitment basis	Ministry of Finance, Budget, Planning, and International Cooperation	Quarterly, within 45 days of quarter-end
Detailed budget execution information for transfers, including detailed breakdown of *taxes affectees*	Ministry of Finance, Budget, Planning, and International Cooperation (General Budget Directorate)	Monthly, within 45 days of month–end
Pay table presenting the wage bill by ministry, including a breakdown between base salary, bonuses and allowances	Ministry of Finance, Budget, Planning, and International Cooperation (Dirección de la Solde)	Monthly, within 30 days of month–end.
Detailed statistics of public sector employment (by ministry) and military personnel, including recruitment, retirements and voluntary departures.	Ministry of Finance, Budget, Planning, and International Cooperation (Dirección de la Solde)	Monthly, within 30 days of month–end.
Detailed use of Government oil (4 million barrels) sold to the refinery, including the exact amount of the subsidy to the electricity company.	DGB SHT	Quarterly, within 45 days of the end of the quarter
Execution of the investment budget, including detailed project by project execution for domestically and externally financed investment (including information financing sources and modalities), with the information organized by Ministry	Ministry of Finance, Budget, Planning, and International Cooperation	Quarterly, within 45 days of the end of the quarter.

Table 1. Chad: Summary of Data to Be Reported (continued)		
Data	***Provider***	***Periodicity and Target Date***[1]
Information on DAO use (by ministry, category, civilian/military, budget code) and regularization	Ministry of Finance, Budget, Planning, and International Cooperation	Quarterly, within 60 days after the end of the Quarter
Details by social spending allocated to the Productive Social Safety Net Program (PSSNP), and the school feeding program.	Ministry of Finance, Budget, Planning, and International Cooperation	Annually, within 180 days of year end.
Information on public procurement in the previous month and updating of payment maturity for the rest of the year.	Ministry of Finance, Budget, Planning, and International Cooperation (Financial Control)/SGG (OCMP/Procurement Directorate)	Monthly, within 45 days of month–end
Table on external debt (including those in local currency). The table should include previous month's due payments, payments made, and projected payments due for the next 3 months broken down by creditors.	Ministry of Finance, Budget, Planning, and International Cooperation	Monthly, within 45 days of month-end
Information on external debt arrears (including those in local currency): i) updated list of stock of arrears broken down by creditors (which incorporates any rescheduling agreement with creditors); ii) information on repayment of arrears including amount paid and date on which payments were made; iii) information on any rescheduling agreement on the stock of external arrears at the beginning of the program period.	Ministry of Finance, Budget, Planning, and International Cooperation	Monthly, within 45 days of month-end

Table 1. Chad: Summary of Data to Be Reported (continued)		
Data	***Provider***	***Periodicity and Target Date***[1]
In case of missed external debt service payment the following information will be needed: i) the date of the missed payment; ii) amount of the missed payment and iii) creditor involved.	Ministry of Finance, Budget, Planning, and International Cooperation	Within 14 days of occurrence.
Details on the servicing of the external debt of the Government [3]	Ministry of Finance, Budget, Planning, and International Cooperation DGTCP	Quarterly, within 45 days of the end of the quarter.
Detailed stock and repayment data on domestic debt (Tableau de la dette interieure), payment arrears of the Government (including unrecognized payment arrears, notably decomptes), and stock, repayment and issuance of T-bills and bonds (OTA/BTA) [2]	Ministry of Finance, Budget, Planning, and International Cooperation DGTCP	Quarterly, within 45 days of the end of the quarter.
Details on new loans contracted or guaranteed by the Government and public non-financial companies	Ministry of Finance, Budget, Planning, and International Cooperation DGTCP	Within 45 days of transaction completion.
Monetary survey	BEAC	Monthly, within 45 days of month–end.
Provisional monetary data from the BEAC *(Exchange rates, foreign reserves, assets and liabilities of the monetary authorities, base money, broad money, central bank balance sheet, consolidated balance sheet of the banking system, interest rates*[4]*)*	BEAC	Monthly, within 45 days of month–end.
Balance of SDR account at month end	BEAC NGP Committee	Monthly, within 3 months of month–end

Table 1. Chad: Summary of Data to Be Reported (concluded)

Data	***Provider***	***Periodicity and Target Date***[1]
Net banking system claims on the Government (NGP)	BEAC	Monthly, within 30 days of month–end.
Data on balances and main transactions of oil revenue offshore account	Ministry of Finance, Budget, Planning, and International Cooperation DGTCP	Quarterly, within 45 days of the end of the quarter.
Consumer price index	INSEED	Monthly, within 45 days of month–end.
Quarterly Industrial Production Index and Quarterly Gross Domestic Product with support from ongoing IMF TA	INSEED	Quarterly, within 180 days of quarter-end.
Detailed data on oil sector activity (by operator) including: production, exports, export price, DOBA discount, transportation costs, CAPEX, OPEX	SHT	Quarterly, within 45 days of the end of the quarter.
Gross domestic product and gross national product	Macroeconomic Framework Committee (SG MFB) and INSEED	Annually, within 180 days of year end.
Balance of payments (External current account balance, exports and imports of goods and services, etc.)	BEAC	Annually, within 180 days of year end (preliminary data).
Gross external debt	Ministry of Finance, Budget, Planning, and International Cooperation DGTCP	Annually, within 90 days of year end.

[1] For end-December fiscal data, data should be reported 45 days after the end of the complementary period.
[2] Including maturities.
[3] Including the breakdown by currency and maturity.
Both market-based and officially determined, including discounts, money market rates, and rates on treasury bills, bonds and other securities.

INTERNATIONAL MONETARY FUND

CHAD

REQUEST FOR A FOUR-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS

July 1, 2025

Approved By
Vitaliy Kramarenko, Koshy Mathai (IMF) Abebe Adugna and Manuela Francisco (IDA)

Prepared by the Staff of the International Monetary Fund (IMF) and the International Development Association (IDA).

Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	*High*
Overall risk of debt distress	*High*
Granularity in the risk rating	*Sustainable*
Application of judgment	*Yes*

Despite improvements to the debt outlook and a mechanical moderate external and overall debt distress rating, Chad's external and overall public debt continues to be assessed at high risk of distress, with the application of judgment due to the risks surrounding the baseline projections.[1] *The proposed economic program, which would be supported by an Extended Credit Facility, aims to implement Chad's new National Development Plan (2025-2030) while strengthening Chad's debt sustainability. However, significant uncertainty remains, regarding the authorities' ability to fully execute the proposed policies if risks materialize. Among these risks, there is uncertainty regarding the non-oil revenue enhancing measures, oil prices, and spending containing measures in the program, and external financing is projected to decline, reflecting trade and geopolitical tensions. Until the authorities begin implementing the proposed economic program, monitored through prior actions, quantitative targets, and structural benchmarks, and effectively build the necessary buffers to absorb potential adverse shocks, judgement will be applied to continue assessing the risk of external debt distress as high.*

[1] Chad's composite indicator of 2.44, which is based on the April 2024 WEO and the June 2024 CPIA, signals a weak debt-carrying capacity.

DEBT COVERAGE

1. **Public debt coverage includes central government debt, as well as government guaranteed external debt owed by the public oil company** (Société des Hydrocarbures du Tchad or SHT). Almost all other public sector entities (including other state-owned enterprises—SOEs) do not have access to external financing, except for the N'Djamena Oil Refinery (Société de Raffinage de N'Djaména, or SRN), which has two loans with CNPC Finance and EXIM Bank China. The SRN is minority government-owned (40 percent share) with managerial independence from the government; its debt, which is not in arrears according to the authorities, is not integrated in the perimeter of the DSA. Since the last exercise in the 2024 Article IV staff report, the DSA considers external debt on a residency basis for loans only. Therefore, CFAF-denominated loans contracted with the regional development bank (BDEAC)[2] and with bilateral creditors in the currency union (Cameroon, Equatorial Guinea, and the Republic of Congo) are considered external debt. Debt owed to Angola, which is being repaid in kind[3], is also classified as external debt.

Text Table 1. Chad: Coverage of Public-Sector Debt and Design of Contingent Liability Stress Tests

Public debt coverage

Subsectors of the public sector	Check box
1 Central government	X
2 State and local government	
3 Other elements in the general government	
4 o/w: Social security fund	
5 o/w: Extra budgetary funds (EBFs)	
6 Guarantees (to other entities in the public and private sector, including to SOEs)	X
7 Central bank (borrowed on behalf of the government)	X
8 Non-guaranteed SOE debt	

Public debt coverage and the magnitude of the contingent liability tailored stress test

1 The country's coverage of public debt	The central government, central bank, government-guaranteed debt			
	Default		Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	1.5	percent of GDP	1.5	Accounting for the reclassification of some public arrears in 2022.
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	5.5	From SOE census, 2017 levels.
4 PPP	35	percent of PPP stock	0.0	
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
Total (2+3+4+5) (in percent of GDP)			12.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

2. **The contingent liability stress test accounts for vulnerabilities associated with nonguaranteed SOE debt and contingent fiscal liabilities associated with the banking sector** (Text Table 1). The stress test amounts to 12 percent of GDP. It covers contingent liabilities from

[2] The *Banque de Développement des Etats de l'Afrique Centrale* (BDEAC) is the Development Bank of the CEMAC region. The main shareholder is BEAC (33.43 percent). CEMAC countries, including Chad, are equal shareholders (8.48 percent each). All government securities, also when held by non-residents in the regional market, are classified as domestic debt due to data limitations on the residency of the securities' holders. Revision in perimeter has also been applied on historical data from 2017 onwards.

[3] Debt owed to Angola is repaid in kind, by head of cattle, mainly zebus, following terms and conditions agreed by Angola and Chad, including price and transport.

financial markets, set at 5 percent of GDP, reflecting the estimated average cost to the government of a financial crisis in a low-income country since 1980. The size of the contingent liabilities for the SOE debt is set at 5.5 percent, reflecting the liabilities of SRN, Société Nationale d'Electricité (SNE), and Société Nationale de Ciment (SONACIM) following the results of a 2017 SOE Census supported by the World Bank. Additionally, the stress test accounts for modelled public arrears of regional and local governments in the order of 1.5 percent of GDP.

BACKGROUND

A. Evolution and Composition of Debt

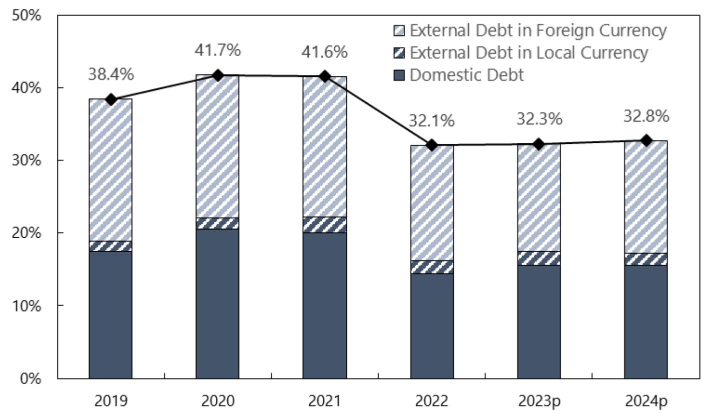
3. **After declining significantly in 2022, Chad's public and publicly guaranteed (PPG) debt increased in 2023 and 2024.** The reduction in both external and domestic debt led to a decrease in gross public debt from 41.6 percent of GDP at end-2021 to 32.1 percent at end-2022 (Text Figure 1). Public debt slightly increased to 32.3 percent of GDP at end-2023 and more significantly in 2024, reaching 32.8 percent of GDP at end-2024. Outstanding PPG external and domestic debt was estimated to stand at almost US$6.3 billion at end-2024.

4. **Domestic debt has grown steadily since 2022, primarily driven by external and regional financing conditions.** Domestic debt increased from 14.4 percent of GDP in 2022 to 15.6 percent of GDP in 2024. Public securities saw a significant rise, from 6 percent of GDP in 2022 to 8.1 percent of GDP in 2024. Bonds especially saw substantial growth in recent years, increasing by more than 40 percent since 2022, as the authorities continued to prioritize the issuance of T-bonds over T-bills. Domestic debt to commercial banks and to BEAC showed a slight decline in 2024 after an initial increase in 2023: remaining overall relatively stable in nominal terms since 2022. Following a similar trend, domestic arrears reached its lowest level at the end of 2024 since 2014, at CFA 324 billion, about 1.7 percent of GDP.

5. **The composition of external PPG debt is dominated by non-Paris Club lenders and multilateral organizations, while debt owed to private creditors has decreased** (Text Table 2). Debt to multilateral creditors continued to decrease in 2024, as the reimbursement to the IMF[4] for the 2017 ECF has progressively accelerated since 2023. Additionally, the recent increase in World Bank project financing disbursements has been in the form of grants, not impacting debt. Chad's debt to its main private creditor, Glencore, has also significantly declined, following accelerated reimbursements under the cash sweep clause in the contract that linked debt repayment to oil prices, which has remained high by historical standards since 2022. In contrast, debt to non-Paris Club bilateral creditors has markedly increased recently. The government also secured various concessional loans in 2024 with the Islamic Development Bank, the European Investment Bank, and the Hungarian Development Bank for project financing.

[4] Credit outstanding to the IMF has peaked to nearly US$ 1 billion at end-2022, following the emergency support under the RCF in April and July 2020, the disbursements of the 2021 ECF arrangement, and the increase in the SDR position after the 2021 general allocation.

Text Figure 1. Chad: PPG Debt
(Percent of GDP)



Source: Country authorities; 2023 and 2024 are preliminary data.

6. **Chad's debt treatment under the G20 Common Framework lapsed in June 2024, alongside the expiration of the ECF arrangement.** In late 2022, the Chadian authorities signed two debt treatment agreements on comparable terms: one with their G20 bilateral creditors and another with the country's largest private creditor. The private creditor agreed to a short-term reprofiling of debt repayments to help bring the external debt service-to-revenue ratio below 14 percent by 2024. In parallel, the agreement with official creditors provided a commitment to deliver additional relief if an external shock were to prevent Chad from maintaining that threshold, assuming full implementation of the ECF-supported program. Although the agreement expired with the early conclusion of the ECF program in June 2024, the combination of the private debt reprofiling, high oil revenues, and additional concessional financing contributed to reducing debt service below the 14 percent threshold—rendering any further debt relief from G20 creditors unnecessary.

7. **Debt increased mainly due to new external borrowing, as domestic market financing remained constrained by saturated regional markets in 2024.** In line with the previous DSA, the increasingly saturated regional market limited the authorities' capacity to mobilize financing through public securities issuances. The number of failed auctions increased throughout 2024, reducing net issuances from 0.5 percent of GDP in the first half of the year to 0.1 percent in the second half. At the same time, fiscal revenues fell short by 0.5 percent of non-oil GDP, due to lower-than-expected oil production, while primary spending increased (+1.8 percent of non-oil GDP) driven by exceptional spending on transfers and subsidies for the refugee and food security crises and capital spending for public works related to the historical floods. The second installment of the US$1.5 billion loan agreement signed with the Abu Dhabi Fund for Development in 2023, amounting to US$500 million (2.6 percent of GDP) and was disbursed in November, along with the purchase of approximately CFAF 50 billion (0.4 percent of GDP) treasury bonds by Afreximbank in December, provided significant liquidity support, alleviating financial pressure in the short term. Improved

regional financing conditions in Q1 2025—with T-bond auction bid-to-cover-ratios recovering to 80 percent from 60 percent in the second half of 2024—allowed the government to raise CFAF 68 billion (US$112 million, 0.5 percent of GDP) through T-bond sales by end-March, at yields slightly below the 10 percent average in 2024.

Text Table 2. Chad: Public Debt and Debt Service by Creditor[1/]

	Debt Stock					Debt Service on Existing Debt							
	2022	2023	2024	2024	Share of total debt	2024		2025		2026		2027	
	US$			%GDP		US$	% GDP	US$	% GDP	US$	% GDP	US$	% GDP
Total	**5,820**	**6,065**	**6,291**	**32.8**	100	**574**	3.0	**622**	3.0	**553**	2.6	**624**	2.7
External	**3,206**	**3,132**	**3,302**	**17.2**	52.5	**408**	2.1	**411**	2.0	**252**	1.2	**321**	1.4
Multilateral Creditors	**1,667**	**1,677**	**1,530**	**8.0**	24.3	**150**	0.8	**184**	0.9	**158**	0.7	**163**	0.7
International Monetary Fund	995	959	880	4.6	14.0								
PRGT Outstanding Credit	745	708	634	3.3	10.1								
SDR Position	250	251	247	1.3	3.9								
Development Bank of the Central African Countries	227	260	226	1.2	3.6								
World Bank IDA	155	151	140	0.7	2.2								
African Development Bank	91	91	85	0.4	1.4								
Islamic Development Bank	85	101	77	0.4	1.2								
Arab Bank for Economic Development in Africa	71	72	69	0.4	1.1								
International Fund for Agricultural Development	24	26	22	0.1	0.4								
European Investment Bank			16	0.1	0.2								
Organization of the Petroleum Exporting Countries	18	17	15	0.1	0.2								
Bilateral Creditors	**901**	**1,080**	**1,569**	**8.2**	24.9	**49**	0.3	**84**	0.4	**85**	0.4	**90**	0.4
Paris Club	**106**	**118**	**115**	**0.6**	1.8	**4**	0.0	**10**	0.0	**10**	0.0	**10**	0.0
o/w: France	106	106	101	0.5	1.6								
o/w: Belgium		12	14	0.1	0.2								
Non-Paris Club	**796**	**962**	**1,454**	**7.6**	23.1	**46**	0.2	**74**	0.4	**75**	0.3	**81**	0.4
o/w: UAE		150	650	3.4	10.3								
o/w: Libya	263	294	294	1.5	4.7								
o/w: China	264	259	267	1.4	4.2								
o/w: Regional Bilateral Creditors (in CFA Francs)	105	101	98	0.5	1.6								
o/w: Angola	75	75	74	0.4	1.2								
Commercial Creditors	**637**	**375**	**203**	**1.1**	3.2	**209**	1.1	**143**	0.7	**9**	0.0	**68**	0.3
o/w: Glencore Energy	625	364	191	1.0	3.0								
o/w: Mega International (Taiwan, PoC)	9	8	9	0.0	0.1								
o/w: Saudi Oger	3	3	3	0.0	0.0								
Domestic	**2,615**	**2,933**	**2,989**	**15.6**	47.5	**166**	0.9	**211**	1.0	**301**	1.4	**303**	1.3
Public Securities	**1,095**	**1,275**	**1,549**	**8.1**	24.6	**5**	0.0	**24**	0.1	**74**	0.3	**16**	0.1
Treasury Bills (net)	227	233	234	1.2	3.7								
Bonds	867	1,042	1,315	6.8	20.9								
Other Domestic Debt	**1,081**	**1,201**	**1,116**	**5.8**	17.7	**42**	0.2	**69**	0.3	**65**	0.3	**64**	0.3
Commercial Bank	307	404	349	1.8	5.6								
BEAC	775	798	767	4.0	12.2								
Arrears	**439**	**456**	**324**	**1.7**	5.2	**118**	0.6	**118**	0.6	**162**	0.7	**223**	1.0

Source: Country authorities, IMF staff estimates.

1/ Data based on rebased GDP series.

8. While Chad has recently concluded a debt restructuring agreement with the BDEAC, discussions on the treatment of external arrears with other official creditors remain ongoing. The situation with the regional development bank BDEAC has progressed with the signing of a restructuring agreement in October 2024, which outlined the clearance of arrears over the course of 2025. Although some technical delays have affected monthly repayments in early 2025, these issues are being resolved. Based on end-March 2025 data, four debt obligations to official and commercial creditors remain in arrears:

- **Libya**: Discussions have advanced, resulting in a mutual agreement on partial cancellation and concessional reprofiling. While the formal signing of the agreement is still pending, the constructive dialogue and demonstrated commitment by all parties indicate that a finalized arrangement is likely in the coming months, ahead of the first program review.

- **Republic of Congo**: The authorities have confirmed that discussions are ongoing concerning a clearance plan for the recently accumulated arrears on interest payments on this CFA-denominated debt, already restructured in 2022. Although no proposal has been formulated yet, the ongoing engagement is a positive signal that both parties intend to promptly resolve the matter.

- **Cameroon**: Talks are expected to start in the coming months, with a resolution anticipated in the short to medium term.

- **Commercial Bank Mega**[5]: Since early 2025, efforts to clear recently accumulated arrears have been underway, with the settlement process actively progressing. Full clearance is expected at the short term, ideally before the first program review, indicating a strong trajectory toward resolution.

- **Angola**. Under a 2018 agreement, repayments were to be made in kind (via shipments of live cattle). However, the transport arrangements, contractually the responsibility of the Angolan authorities, proved unworkable. Specifically, the agreement requires live cattle to be transported from Chad to Cameroon and then shipping them to Angola. This complex logistical chain is likely costly, especially considering that the price of cattle had been fixed in the agreement, leaving little flexibility to accommodate the high transport expenses. The Chadian authorities have indicated their readiness to resume shipments as soon as conditions allow.

Another debt in dispute is not classified as arrears:

- **Belgium (Credendo):** Despite a restructuring agreement signed in April 2024 with the Belgian public export credit agency, Credendo, the Chadian government has suspended the first repayment, citing concerns linked to an ongoing judicial investigation.[6] The authorities are disputing Credendo's claims and seek to amicably resolve the legal disputes.

9. Chad continues to face important capacity challenges in debt management, including data inconsistencies, and difficulties in producing timely and reliable debt service projections. Although support from the Fund[7] and the World Bank has helped lay the groundwork, recent

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[5] This debt to Mega Bank of Taiwan Province of China was reclassified as commercial debt after the privatization of the creditor (*c.f.* https://www.imf.org/-/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2015/_cr15124.ashx)

[6] In September 2024, French and Belgian prosecutors launched a joint corruption investigation involving a Belgium private company with which the initial underlying contract was signed and its role in the project in Chad. Citing the seriousness of the probe, Chad suspended its January 2025 payment under the bilateral agreement.

[7] Since 2020, an interdepartmental IMF technical assistance (TA) project has supported the implementation of a Medium-Term Debt Management Strategy, including domestic issuance planning and sovereign debt risk management. A December 2024 mission identified capacity gaps, leading to a May 2025 training workshop for the National Debt Strategy Commission. Since 2022, the World Bank has also provided extensive TA in legal reforms (resulting in a Presidential decree on public debt policy and management), debt data reconciliation (2024–2025 DRS submissions), reporting (annual reports and quarterly bulletins), and strategy development (2024 strategy adoption). These efforts support SDFP Performance and Policy Actions to strengthen the Ministry of Finance's debt

(continued)

training missions have highlighted the need for sustained efforts to strengthen institutional capacity. To support progress in this area, the program will support a centralization of debt statistics compilation in the Directorate General of the Treasury. This step aims to ensure better coordination between relevant directorates and ministries, improve the accuracy of debt data, support the preparation of forecasts, and contribute to the development of a regular financing plan and debt management strategy, which would inform the budget preparation process.

B. Macroeconomic Forecasts

10. The proposed economic program, supported by a four-year ECF arrangement, will align with the government's priorities, to be developed in a new National Development Plan (NDP), and provide a policy anchor in a challenging and uncertain environment. The program will focus on three main pillars: first, it aims to create fiscal space through tax administration and policy reforms and the streamlining of current spending. This will ensure a sustainable fiscal policy, the development of a well-targeted and adequate social safety net, and the financing of key development projects. Second, the program will support more inclusive and sustainable growth. And third, the program will improve economic and financial governance.

11. The macroeconomic framework reflects an updated scenario aligned on the proposed ECF-supported economic program and the April 2025 WEO update of global assumptions.

- GDP growth projections have been slightly revised downward in the short term, compared with the previous DSA, reflecting a more cautious outlook. Over the medium term, growth is expected to gradually accelerate as structural reforms take hold.

- Oil production is projected to be less volatile and to grow more robustly than previously estimated, with new oil rigs more than offsetting declines from aging fields and lower oil prices in the forecast. Significant capital expenditure projects to develop new fields are expected to boost investments to 3.4 percent of GDP in 2025 and 4.7 percent in 2027, up from 1.7 percent in 2024, and increase production by more than 12 percent between 2026 and 2029, as these fields come on stream. However, based on current extraction plans, oil output could begin to decline gradually from 2031 in the absence of substantial new capital investment.

- Non-oil output is expected to soften in the near term, growing by 3.5 percent in 2026 and 2027, as global headwinds and reduced public spending due to lower fiscal oil revenues are expected to affect wider economic activity. Non-oil GDP growth is then projected to rebound as reforms under the proposed economic program are implemented, business conditions improve, and public investment becomes more efficient. Inflation is expected to decline gradually to 3 percent by 2028.

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management framework and ensure compliance with non-concessional borrowing limits. Additional training activities, including on debt reporting, will continue to be delivered in the near term.

- The fiscal path has been revised to account for higher-than-expected spending in 2024 and to integrate tighter assumptions from 2025 to 2029, following the proposed economic program.

- The higher-than-expected spending in 2024 reflects unanticipated costs—emergency investment spending, humanitarian support, and heavy floods in the fall. The proposed fiscal consolidation is expected to progressively reduce expenditure as a share of GDP, cutting the wage bill by 0.7 percentage points, transfers and subsidies by 0.5 pp, while increasing social protection over the four years of the program. While 2025 will be less favorable due to higher-than-previously-projected interest payments to Glencore and the 0.8 percent of GDP recapitalization plan of the two national banks, the projected consolidation path is tighter than in the previous DSA, amounting to 2.6 percent of non-oil GDP in expenditure cuts, compared to 1.7 percent previously.

- Fiscal revenue remains highly reliant on the oil sector, which accounts for more than half of it (excluding grants) in 2024. Although oil production is expected to rise gradually and peak around 2030, oil-related revenues are likely to remain volatile, mirroring the assumed U-shaped price trajectory—declining in 2025 and 2026 before recovering.[8] These projections and future extraction activities will depend on the extent of exploration and new discoveries, which could be affected by international oil prices. In parallel, the increase in non-oil revenues, coming along with the implementation of reforms, is expected to help stabilize fiscal revenue over time. Notably, tax policy measures and the gradual effects of revenue mobilization reforms should significantly strengthen the non-oil tax-to-GDP ratio.

- After achieving a historic surplus in 2022, the current account gradually narrowed in 2023 and 2024 and is projected to return to a deficit from 2025 onwards, due to substantial imports of goods and services. Nevertheless, the trade surplus in goods widened with the inclusion of gold exports into the balance of payment starting in 2012[9], based on trade mirror statistics and recently released customs data, both of which consistently indicate significant artisanal gold production. Supported by increasing private capital inflows and external financing, the current account deficit, excluding oil exports, is expected to gradually decrease as a share of GDP throughout the forecast period. Foreign direct investment has also been revised upward, particularly in the energy and industrial sectors, reflecting the expected positive outcomes of the NDP. Reserve accumulation is anticipated to continue, contributing to the regional effort.

12. The four-year proposed program relies on a comprehensive financing plan that includes IMF financing along with external concessional budget support from multilateral and bilateral donors. Staff estimates Chad has a balance of payments financing gap of US$2 billion throughout the program. These financing needs are driven by a projected gradual fall of oil prices,

[8] Oil price assumptions from April 2025 IMF World Economic Outlook.

[9] By assuming that the growth of mineral extraction in Chad followed the path implied by Chad's exports of gold according to the trade data and mirror statistics, it is possible to reproduce a time series of mineral extraction in Chad since 2012. At current global gold prices, this would imply that artisanal mineral extraction would be around 3.8 percent of GDP in 2025. For comparison, oil extraction represents 13.7 percent of GDP in Chad.

high development spending needs, low attractiveness for foreign investments, and the need to contribute to accumulation of international reserves at the regional level. The proposed program would help make significant progress in resolving a protracted balance of payments problem by supporting the authorities' reform plans and prudent fiscal policy, which will moderate financing needs over the medium term. The IMF's catalytic role will be crucial in ensuring adequate burden sharing and being sufficient to close the financing gap over the program period. The proposed ECF arrangement is expected to cover about 30 percent of the financing gap and catalyze additional budget support from multilateral donors, and bilateral donors would include the United Arab Emirates (UAE) and other countries.[10] Consistent with the authorities' commitment, as outlined in the 2025 budget law, the financing strategy relies on concessional external financing and limits net issuances of treasury securities in the regional market, due to substantial market saturation and high costs. This strategy leads to progressively shift the debt structure from domestic to foreign sources.

13. Despite the recent improved macroeconomic performance and the strong commitment from the authorities, the risks surrounding this baseline scenario remain high. Chad is a fragile state, highly vulnerable to climate shocks, with ongoing conflict at the western border in Darfur, and insecurity issues in the Lake region and the North. Fiscal revenue remains highly dependent on the global oil price, which could trend downwards faster as risks to global growth and trade are intensifying. Additionally, there is significant uncertainty surrounding the financing plan as its most important contribution is only based on a memorandum of understanding with a bilateral partner, making the financing strategy susceptible to geopolitical risks, while concerns related to official development assistance and humanitarian aid are pressing. Should these risks materialize, they could potentially lead the country into an extreme humanitarian crisis and push the economy into a recession, increasing its vulnerability to debt events. Lastly, Chad faces significant structural deficiencies in governance and debt management. The capacity for implementing reforms is weak, and the authorities' commitment to reform may wane due to fatigue. This situation could put the ECF-supported program at-risk, but it also underscores the crucial importance of the Fund's engagement, including CD.

[10] The UAE signed in 2023 an MoU with Chad for budget support financing amounting to US$1.5 billion, of which US$150 million was disbursed in 2023 and US$500 million in 2024. The remaining US$850 million is expected to be disbursed over the program period based on yearly negotiations

Text Table 3. Chad: Macroeconomic Assumptions, 2023-30

	2017-21 Average	2023	2024	2025	2026	2027	2028	2029	2030	2026-30 Average	2031-43 Average
Percentage Change											
Real GDP Growth	**2.2**	**5.0**	**3.5**	**3.3**	**3.6**	**3.3**	**3.7**	**4.0**	**4.1**	**3.7**	**3.5**
December 2024 DSA 1/	*1.9*	*4.8*	*3.2*	*3.4*	*4.5*	*3.8*	*4.3*	*3.7*	*3.2*	*3.8*	*3.3*
Oil GDP Growth	1.1	7.4	-1.2	-0.7	4.1	2.3	3.2	2.3	1.3	2.1	-1.0
December 2024 DSA	*0.6*	*7.6*	*-0.5*	*-1.4*	*6.0*	*0.9*	*4.6*	*-0.8*	*-0.9*	*1.4*	*-0.9*
Non-oil GDP Growth	2.2	4.3	4.6	4.2	3.5	3.5	3.8	4.2	4.4	3.9	3.9
December 2024 DSA	*2.0*	*4.5*	*3.7*	*4.2*	*4.3*	*4.2*	*4.3*	*4.3*	*3.7*	*4.2*	*3.7*
Percent of GDP 2/											
Current Account	**-4.5**	**-0.8**	**1.0**	**-2.5**	**-3.5**	**-3.2**	**-3.2**	**-3.2**	**-3.4**	**-3.2**	**-1.8**
December 2024 DSA 3/	*-3.9*	*-0.7*	*-1.3*	*-4.4*	*-4.1*	*-3.0*	*-2.7*	*-3.0*	*-3.2*	*-3.4*	*-2.5*
Current Account (excl. Oil Exports)	-19.5	-19.9	-19.0	-18.6	-18.2	-17.6	-17.5	-17.3	-17.1	-17.7	-10.8
December 2024 DSA	*-20.0*	*-21.5*	*-21.2*	*-20.8*	*-19.9*	*-17.7*	*-17.1*	*-16.2*	*-15.3*	*-17.9*	*-9.7*
Percent of Non-Oil GDP 2/											
Overall Budget Balance 4/	**0.2**	**-1.5**	**-2.5**	**-1.5**	**-2.9**	**-2.6**	**-1.3**	**-0.9**	**-0.6**	**-1.6**	**-0.5**
December 2024 DSA	*0.2*	*-1.5*	*-0.1*	*-1.1*	*-2.7*	*-2.0*	*-1.9*	*-1.7*	*-2.0*	*-1.9*	*-2.0*
Revenue and Grants	13.7	19.4	20.2	21.2	18.8	19.3	19.3	19.2	19.4	19.5	18.1
December 2024 DSA	*13.8*	*18.9*	*21.1*	*20.5*	*18.0*	*18.3*	*18.1*	*18.2*	*17.5*	*18.4*	*16.4*
Expenditure	13.5	20.9	22.7	22.7	21.6	21.8	20.6	20.1	20.1	21.2	18.7
December 2024 DSA	*13.5*	*20.4*	*21.2*	*21.6*	*20.7*	*20.2*	*20.0*	*19.9*	*19.5*	*20.3*	*18.4*
Non-Oil Primary Balance (excl. Grants)	-7.4	-14.0	-14.0	-13.3	-12.4	-12.3	-10.9	-10.3	-10.1	-11.5	-7.7
December 2024 DSA	*-7.4*	*-13.6*	*-11.8*	*-12.8*	*-11.7*	*-11.0*	*-10.4*	*-10.1*	*-9.5*	*-10.9*	*-7.4*
Percent											
Grant Element of New External Borrowing				**41.1**	**40.2**	**43.0**	**42.5**	**48.1**	**52.0**	**44.5**	**48.2**
December 2024 DSA			*42.7*	*41.5*	*44.2*	*42.0*	*43.8*	*44.1*	*43.7*	*43.2*	*42.2*

Source: Country authorities, IMF staff projections.
1/ December 2024 DSA data are based on previous GDP growth estimates provided by the National Institute of Statistics.
2/ The GDP and non-oil GDP used in the December 2024 DSA has been revised downwards by 4 percent owing to a downwards revision of the actual 2023 GDP numbers by the authorities.
3/ December 2024 data did not include artisanal gold exports.
4/ On a commitment basis, including both received and expected grants.

14. **Realism tool comparisons indicate that projections are broadly in line with historical trends and peer country experiences** (Figures 3, 4). Public debt remains stable in the near to medium term before declining, as pressures from high interest rates and the primary deficit ease compared to the past five years. Public investment as a share of GDP is in line with the previous forecast, with its growth contribution expected to remain steady. The planned fiscal adjustment is below the 75th percentile of the distribution of approved Fund-supported LIC programs since the 1990s. The risk that the adjustment proves infeasible is mitigated by the authorities' commitment and political space to implement needed reforms.

C. Country Classification and Determination of Stress Test Scenarios

15. **The composite indicator (CI) indicates a weak debt carrying capacity for Chad** (Text Table 4). The CI is calculated based on the CPIA score, a proxy of external conditions defined by world economic growth, and country-specific factors. Data as of June 2024 indicate a weak debt carrying capacity, mainly reflecting weak growth, very low remittances, a low CPIA, and a moderately

low level of foreign reserves. Debt-carrying capacity was also rated as weak prior to the latest update. The relevant external debt burden high-risk thresholds are: (i) 30 percent for the present value (PV) of external debt-to-GDP ratio; (ii) 140 percent for the PV of external debt-to-exports ratio; (iii) 10 percent for the external debt service-to-exports ratio; (iv) 14 percent for the external debt service-to-revenue ratio; and (v) 35 percent for the PV of total public debt in percent of GDP. In the case of Chad, the two most relevant debt indicators are the external debt service-to-revenues (excluding grants) ratio and the PV of public debt-to-GDP ratio. Consequently, the analysis of results focuses on these two indicators.

Text Table 4. Chad: CI Score

Debt Carrying Capacity	Weak

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Weak	Weak 2.44	Weak 2.33	Weak 2.35

Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.39	2.72	1.05	43%
Real growth rate (in percent)	2.72	2.93	0.08	3%
Import coverage of reserves (in percent)	4.05	32.71	1.33	54%
Import coverage of reserves^2 (in percent)	-3.99	10.70	-0.43	-17%
Remittances (in percent)	2.02	0.77	0.02	1%
World economic growth (in percent)	13.52	2.97	0.40	16%
CI Score			2.44	100%
CI rating			Weak	

Reference: Thresholds by Classification

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

16. **The DSA relies on six standard stress tests and a customized oil commodity price shock stress test.** Of the stress tests, the natural disaster and the commodity price shock have the most relevance for Chad (Figure 1 and 3). The commodity price shock assumes a one-standard deviation decline in oil prices from 2025-2030, corresponding to a 29 percent fall in the price of oil. Despite the severity of most of the simulated shocks, the analysis will focus on the commodity price shock, to which Chad is particularly vulnerable.

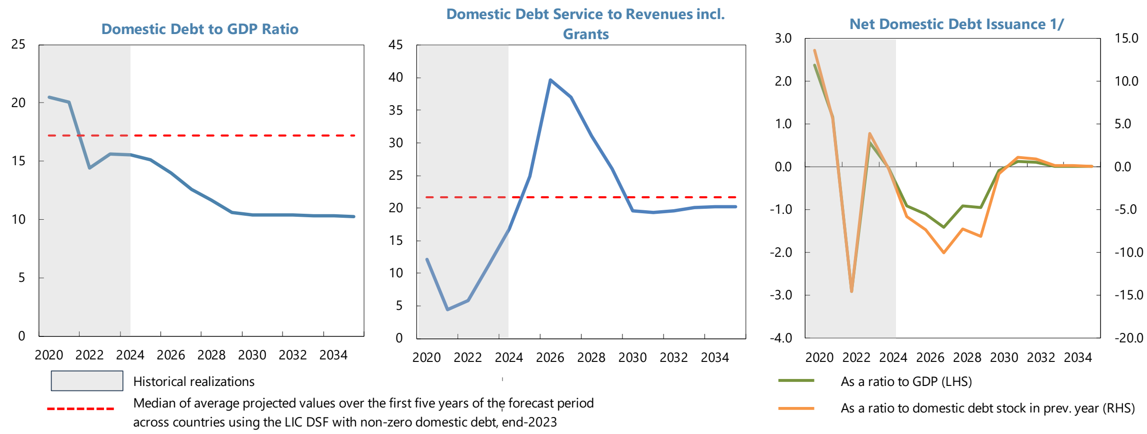
17. **Addressing climate change poses a major challenge for Chad, with potentially significant implications for debt sustainability and a pressing need for substantial**

international financial support. Chad is experiencing severe environmental degradation, including the shrinking of Lake Chad, accelerating desertification, and recurring droughts and floods. The DSA's natural disaster module incorporates a hypothetical one-off shock of 10 pp of nominal GDP to the external debt-to-GDP ratio in the first year of the projection period; it also includes a 1.5 pp shock to real GDP growth and a 3.5 pp shock to exports growth. While this natural disaster shock is illustrative and may be unlikely under current calibrations, it highlights the potential adverse effects of climate-related shocks on debt dynamics. Chad's Nationally Determined Contribution (NDC), submitted in October 2021, outlines considerable financial needs to achieve its climate objectives. On the adaptation side, Chad needs around US$5 billion (about 26 percent of 2023 GDP) by 2030 to strengthen resilience to climate impacts. The authorities have committed to mobilizing US$1.2 billion (6.2 percent of 2023 GDP) domestically, leaving a sizable financing gap. Securing additional and sustained international support will be critical to meeting Chad's climate and development goals. Mitigation efforts aimed at reducing emissions by 19.3 percent by 2030 are estimated to cost approximately US$6.7 billion (about 35 percent of 2024 GDP), posing a significant feasibility challenge given the country's limited fiscal space.

DEBT SUSTAINABILITY

18. Chad continues to be assessed as presenting a "high risk" of external debt distress, consistently with the previous DSA of December 2024. The proposed fiscal framework aims to support the implementation of the new National Development Plan while strengthening Chad's debt sustainability. The progressive consolidation path and the financing plan, which relies on concessional budget support loans, maintain the PV of external debt-to-GDP at a low level and keep the debt service-to-revenue ratio significantly below the risk threshold. This leads to a mechanical moderate risk of distress (Table 1 and Figure1). However, significant uncertainty surrounds this baseline projection. The temporary increase in debt service in 2027 and 2028, due to the postponed Glencore repayment set in the 2022 debt restructuring agreement, indicates that the space to absorb adverse shocks, is more limited than it might appear. A negative shock to global oil prices—illustrated by the commodity price shock—, or a delay in the expected financing support could result in a liquidity squeeze, jeopardizing essential spendings on humanitarian aid, social support or investment, in the event of a forced adjustment. Until the authorities begin implementing the proposed economic program, structured with prior actions and scheduled structural benchmarks, and effectively build the necessary buffers to absorb potential shocks, judgement will be applied to continue assessing the risk of external debt distress as high.

Text Figure 2. Chad: Indicators of Domestic Public Debt, 2020-34



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	67%
Short-term	33%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	5.1%
Avg. maturity (incl. grace period)	3
Avg. grace period	0
Domestic short-term debt	
Avg. real interest rate	5.0%

Sources: Country authorities; and staff estimates and projections.

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

19. **Chad's risk of public debt distress also remains high**. The financing assumptions of the proposed macroframework limit net issuances of treasury securities in the regional market (Table 2 and Figure 2), leading to a progressive decline of domestic debt before stabilizing at 10 percent of GDP in the long term. As fiscal policy becomes more sound and external debt more concessional, debt and debt service gradually decrease, leading to a mechanical moderate risk assessment of overall public debt distress. However, due to the uncertainty surrounding baseline projections, on the revenue and on the expenditure side, both because of exogenous and weak implementation reform risks, judgement will be applied to maintain the risk assessment of public debt distress high.

20. **A commodity price shock represents the main vulnerability of overall public and external debt**. Adverse scenario analysis indicates that a commodity price shock could lead to a significant deterioration in outstanding debt stock and debt service in the baseline scenario. The external debt service-to-revenue ratio would almost reach the risk threshold in 2028. The PV of public debt-to-exports ratio breaches the risk threshold in 2027 and remains well above thereafter. In contrast, the stress resulting from a natural disaster shock event could be contained in the baseline scenario. Although the debt stock would significantly increase after the shock, additional debt service would remain limited.

21. **Overall, debt remains sustainable.** All debt and debt service indicators are stable in the short to medium term, and trend downwards in the long term. Although uncertainties persist as to whether the proposed fiscal consolidation and the implementation of essential reforms will fully materialize, the baseline scenario involves debt remaining sustainable over the entire forecast horizon.

Authorities' Views

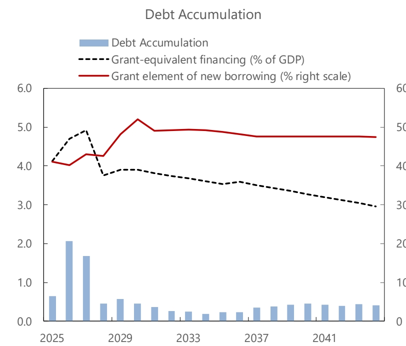
22. **The authorities consider the risk of external debt distress to be moderate, reflecting the low level of external public debt and the improved debt service profile following the reprofiling of the Glencore loan under the 2022 debt restructuring agreement.** They stress their continued commitment to prudent borrowing practices, notably by seeking only concessional external financing and limiting new domestic security issuance in light of current conditions in the regional financial market. The authorities also remain fully committed to implementing the proposed economic program, which will support macroeconomic stability, build fiscal buffers, and strengthen debt sustainability over the medium term.

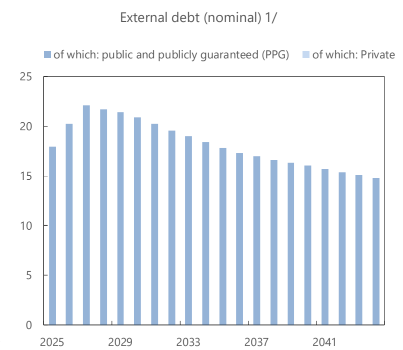
Table 1. Chad: External Debt Sustainability Framework, 2022-45

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	**17.7**	**16.7**	**17.2**	**17.9**	**20.2**	**22.1**	**21.7**	**21.4**	**20.9**	**17.9**	**14.4**	**19.8**	**19.9**
of which: public and publicly guaranteed (PPG)	**17.7**	**16.7**	**17.2**	**17.9**	**20.2**	**22.1**	**21.7**	**21.4**	**20.9**	**17.9**	**14.4**	**19.8**	**19.9**
Change in external debt	-3.8	-1.0	0.5	0.7	2.3	1.8	-0.4	-0.3	-0.5	-0.6	-0.3		
Identified net debt-creating flows	**-7.3**	**-1.7**	**-4.0**	**-0.6**	**-0.9**	**-1.4**	**-1.9**	**-2.4**	**-2.2**	**-3.9**	**2.0**	**0.1**	**-2.5**
Non-interest current account deficit	**-4.8**	**0.4**	**-1.3**	**1.9**	**3.2**	**3.0**	**2.9**	**3.0**	**3.2**	**0.8**	**5.7**	**1.8**	**2.2**
Deficit in balance of goods and services	-3.5	1.5	-0.3	2.7	3.9	3.7	3.5	3.5	3.6	1.6	6.2	**5.8**	**3.0**
Exports	34.7	31.0	32.4	29.6	28.3	27.8	27.6	27.2	26.7	22.8	12.7		
Imports	31.2	32.5	32.0	32.2	32.3	31.5	31.1	30.7	30.2	24.4	18.9		
Net current transfers (negative = inflow)	-3.6	-3.0	-2.6	-2.4	-2.2	-2.0	-1.7	-1.5	-1.4	-0.9	-0.4	**-5.3**	**-1.5**
of which: official	-0.9	-0.8	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	-0.8		
Other current account flows (negative = net inflow)	2.3	2.0	1.7	1.7	1.4	1.2	1.1	1.1	1.0	0.1	-0.1	**1.3**	**0.7**
Net FDI (negative = inflow)	**-1.6**	**-2.0**	**-1.9**	**-2.6**	**-3.8**	**-4.0**	**-4.3**	**-4.9**	**-4.8**	**-4.2**	**-3.3**	**-2.3**	**-4.2**
Endogenous debt dynamics 2/	**-0.9**	**-0.2**	**-0.8**	**0.1**	**-0.3**	**-0.4**	**-0.5**	**-0.6**	**-0.6**	**-0.4**	**-0.4**		
Contribution from nominal interest rate	0.4	0.4	0.3	0.6	0.3	0.3	0.3	0.3	0.3	0.2	0.1		
Contribution from real GDP growth	-0.9	-0.9	-0.5	-0.6	-0.6	-0.6	-0.8	-0.8	-0.8	-0.6	-0.5		
Contribution from price and exchange rate changes	-0.3	0.3	-0.5	...	...	...	...	...	...	...	...		
Residual 3/	**3.5**	**0.7**	**4.5**	**1.4**	**3.3**	**3.2**	**1.5**	**2.2**	**1.7**	**3.3**	**-2.3**	**-0.6**	**2.5**
of which: exceptional financing	-1.1	-0.2	0.0	-0.4	-0.6	-0.7	-0.7	-0.3	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**14.6**	**14.8**	**16.0**	**16.8**	**16.3**	**15.9**	**15.5**	**12.9**	**10.5**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**45.2**	**50.2**	**56.4**	**60.4**	**59.2**	**58.6**	**58.0**	**56.6**	**83.3**		
PPG debt service-to-exports ratio	**7.5**	**6.3**	**6.2**	**6.8**	**4.2**	**5.3**	**5.5**	**4.4**	**3.9**	**4.8**	**5.8**		
PPG debt service-to-revenue ratio	**16.9**	**13.0**	**13.4**	**13.0**	**8.9**	**10.7**	**10.8**	**8.6**	**7.5**	**7.7**	**5.6**		
Gross external financing need (Million of U.S. dollars)	-689.3	76.9	-239.9	268.1	125.6	106.9	23.9	-176.6	-164.8	-836.4	1867.7		
Key macroeconomic assumptions													
Real GDP growth (in percent)	4.7	5.0	3.5	3.3	3.6	3.3	3.7	4.0	4.1	3.4	3.6	**2.4**	**3.6**
GDP deflator in US dollar terms (change in percent)	1.6	-1.6	2.8	-0.3	2.1	1.8	1.9	1.9	1.9	1.8	2.2	**-1.0**	**1.8**
Effective interest rate (percent) 4/	1.9	2.1	1.6	3.7	1.6	1.5	1.3	1.3	1.3	0.9	0.7	**2.8**	**1.5**
Growth of exports of G&S (US dollar terms, in percent)	35.4	-7.7	11.0	-5.8	1.3	3.2	4.8	4.7	3.9	1.6	1.8	**5.3**	**2.1**
Growth of imports of G&S (US dollar terms, in percent)	0.0	7.7	4.8	3.7	5.9	2.7	4.2	4.5	4.4	1.7	3.4	**2.0**	**2.8**
Grant element of new public sector borrowing (in percent)	...	...	...	41.1	40.2	43.0	42.5	48.1	52.0	48.8	47.4	**...**	**46.6**
Government revenues (excluding grants, in percent of GDP)	15.4	15.1	14.9	15.5	13.3	13.7	14.0	13.9	14.1	14.1	13.0	**11.0**	**14.1**
Aid flows (in Million of US dollars) 5/	198.9	178.0	474.0	936.9	1229.1	1235.6	850.3	999.8	1088.1	1274.1	1752.2		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.1	4.7	4.9	3.8	3.9	3.9	3.5	2.9	**...**	**4.0**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	68.1	65.9	68.1	76.4	80.0	84.1	84.0	83.3	**...**	**78.8**
Nominal GDP (Million of US dollars)	18052	18638	19836	20442	21606	22736	24021	25461	27003	35340	60391.6		
Nominal dollar GDP growth	6.3	3.2	6.4	3.1	5.7	5.2	5.7	6.0	6.1	5.3	5.8	**1.4**	**5.4**
Memorandum items:													
PV of external debt 7/	...	...	14.6	14.8	16.0	16.8	16.3	15.9	15.5	12.9	10.5		
In percent of exports	...	...	45.2	50.2	56.4	60.4	59.2	58.6	58.0	56.6	83.3		
Total external debt service-to-exports ratio	7.5	6.3	6.2	6.8	4.2	5.3	5.5	4.4	3.9	4.8	5.8		
PV of PPG external debt (in Million of US dollars)			2904.4	3034	3454.7	3817.5	3921.9	4060.5	4178.6	4565.8	6361.4		
(PVt-PVt-1)/GDPt-1 (in percent)				0.7	2.1	1.7	0.5	0.6	0.5	0.2	0.4		
Non-interest current account deficit that stabilizes debt ratio	-0.9	1.4	-1.8	1.2	0.9	1.1	3.3	3.3	3.7	1.3	6.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

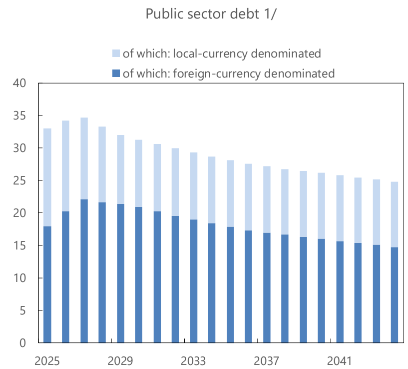
1/ Includes both public and private sector external debt.
2/ Derived as [r - g - ρ(1+g) + Εα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ε=nominal appreciation of the local currency, and α= share of local currency-
3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.
4/ Current-year interest payments divided by previous period debt stock.
5/ Defined as grants, concessional loans, and debt relief.
6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).
7/ Assumes that PV of private sector debt is equivalent to its face value.
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 2. Chad: Public Sector Debt Sustainability Framework, 2022-45

(In percent of GDP, unless otherwise indicated)

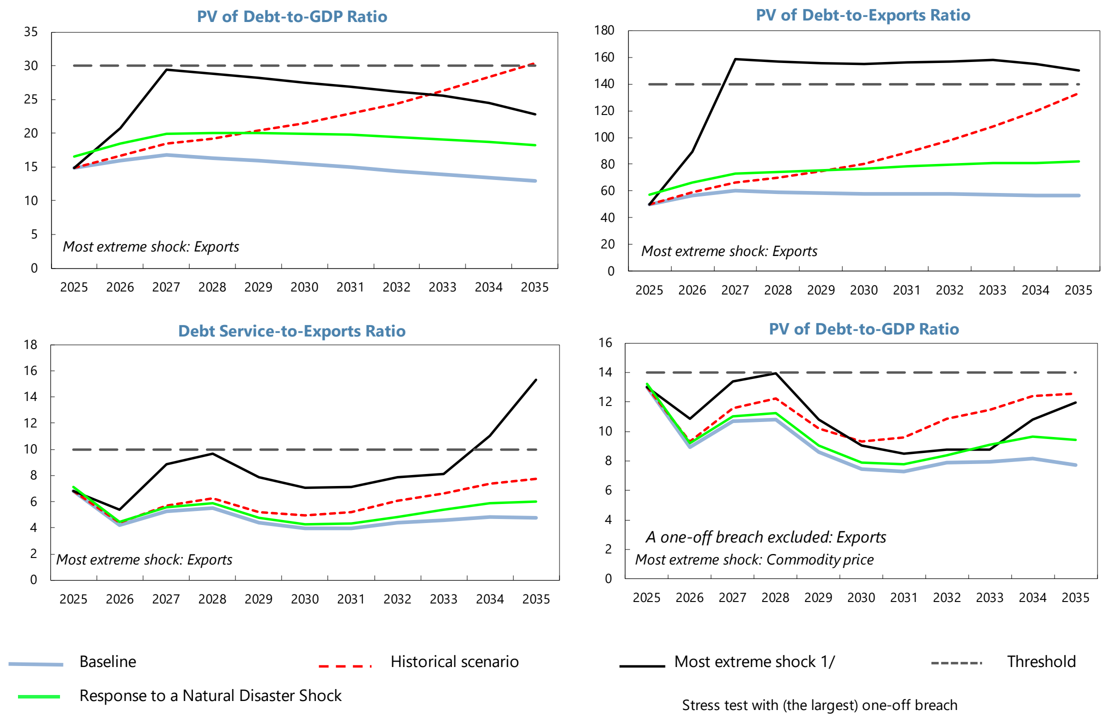
	Actual			Projections								Average 6/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
Public sector debt 1/	32.1	32.3	32.8	33.0	34.2	34.7	33.3	32.0	31.3	28.1	24.4	**36.3**	**31.4**
of which: external debt	17.7	16.7	17.2	17.9	20.2	22.1	21.7	21.4	20.9	17.9	14.4	**19.8**	**19.9**
Change in public sector debt	-9.5	0.2	0.5	0.3	1.2	0.5	-1.4	-1.3	-0.7	-0.6	-0.4		
Identified debt-creating flows	-8.0	-0.4	0.8	0.5	1.0	0.7	-1.0	-1.3	-1.6	-1.2	-0.6	**-0.4**	**-0.7**
Primary deficit	-4.6	0.4	0.9	-0.2	1.3	1.1	0.2	-0.1	-0.4	-0.4	0.2	**-0.4**	**0.0**
Revenue and grants	16.1	15.6	16.7	18.3	16.4	16.9	16.9	16.9	17.2	17.0	15.4	**12.6**	**17.1**
of which: grants	0.8	0.5	1.8	2.8	3.1	3.2	2.9	3.0	3.1	2.9	2.4		
Primary (noninterest) expenditure	11.6	16.0	17.6	18.0	17.7	18.0	17.1	16.8	16.9	16.6	15.5	**12.2**	**17.1**
Automatic debt dynamics	-4.6	0.4	-0.1	0.1	-0.7	-0.7	-0.9	-1.1	-1.1	-0.8	-0.7		
Contribution from interest rate/growth differential	-4.7	-0.5	-0.7	0.1	-0.7	-0.7	-0.9	-1.1	-1.1	-0.8	-0.7		
of which: contribution from average real interest rate	-2.8	1.1	0.4	1.1	0.4	0.4	0.3	0.2	0.2	0.1	0.1		
of which: contribution from real GDP growth	-1.9	-1.5	-1.1	-1.1	-1.1	-1.1	-1.2	-1.3	-1.2	-1.0	-0.9		
Contribution from real exchange rate depreciation	0.0	0.8	0.6	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	1.2	-1.2	0.0	0.6	0.4	0.3	-0.2	-0.1	-0.2	0.0	0.0	**-0.1**	**0.1**
Privatization receipts (negative)	0.0	0.7	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	-0.3	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Deposit accumulation/withdrawals	1.4	-1.6	0.0	-0.2	0.4	0.3	-0.2	-0.1	-0.2	0.0	0.0		
Residual	-1.4	0.6	-0.3	-0.2	0.1	-0.3	-0.4	-0.1	0.9	0.6	0.2	**0.7**	**0.3**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**30.7**	**29.8**	**30.0**	**29.4**	**28.0**	**26.5**	**25.8**	**23.2**	**20.5**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**183.7**	**163.2**	**182.7**	**173.5**	**165.0**	**156.6**	**150.2**	**136.5**	**133.6**		
Debt service-to-revenue and grants ratio 3/	**21.9**	**23.8**	**28.8**	**35.8**	**46.9**	**45.6**	**40.0**	**33.0**	**25.7**	**26.6**	**27.1**		
Gross financing need 4/	0.1	2.9	5.7	6.6	9.0	8.8	6.9	5.5	4.1	4.1	4.3		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	4.7	5.0	3.5	3.3	3.6	3.3	3.7	4.0	4.1	3.4	3.6	**2.4**	**3.6**
Average nominal interest rate on external debt (in percent)	2.0	2.1	1.6	3.9	1.6	1.5	1.3	1.3	1.3	0.9	0.7	**2.8**	**1.5**
Average real interest rate on domestic debt (in percent)	-9.5	9.5	3.4	6.3	3.5	3.6	3.4	3.0	2.8	3.0	3.0	**2.1**	**3.3**
Real exchange rate depreciation (in percent, + indicates depreciation)	0.2	5.0	3.7	...	...	...	...	...	...	...	...	**4.0**	**...**
Inflation rate (GDP deflator, in percent)	14.1	-4.2	2.8	0.2	1.5	1.9	1.9	2.0	1.9	1.8	2.2	**0.8**	**1.8**
Growth of real primary spending (deflated by GDP deflator, in percent)	-1.1	45.0	13.9	6.1	1.8	5.1	-1.7	2.1	4.4	3.4	3.3	**5.2**	**3.0**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	4.9	0.2	0.4	-0.5	0.2	0.6	1.5	1.2	0.3	0.2	0.5	**1.8**	**0.4**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**



Sources: Country authorities; and staff estimates and projections.
1/ Coverage of debt: The central government, central bank, government-guaranteed debt . Definition of external debt is Residency-based.
2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Chad: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2025-35



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

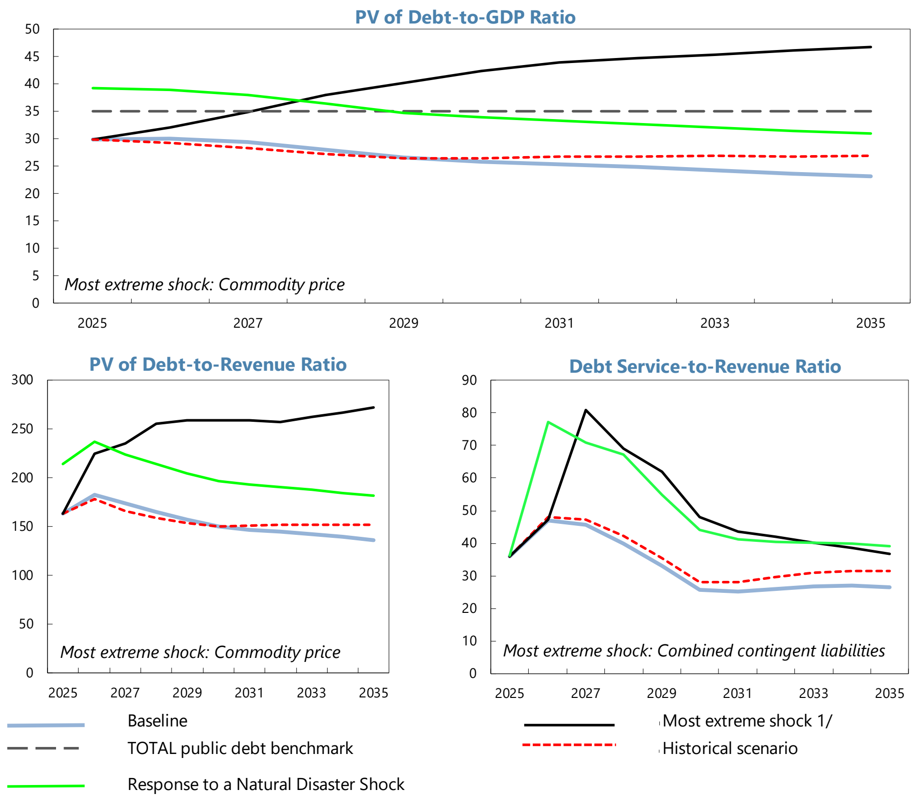
Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	0.8%	0.8%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	26	18
Avg. grace period	7	7

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.
Note: Consistent with the 2018 contract with Glencore, the 4 million barrels transferred to the refinery are valued at market prices when estimating the revenue and external debt service in 2024.

Figure 2. Chad: Indicators of Public Debt Under Alternative Scenarios, 2025-35



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	34%	26%
Domestic medium and long-term	44%	44%
Domestic short-term	22%	30%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	0.8%	0.8%
Avg. maturity (incl. grace period)	26	26
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	5.1%	5.1%
Avg. maturity (incl. grace period)	2	3
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	2.0%	5.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Chad: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025-35

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of debt-to GDP ratio											
Baseline	15	16	17	16	16	15	15	14	14	13	13
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	15	17	18	19	20	21	23	24	26	28	**30**
A2. Alternative Scenario: Natural Disaster Shock	17	18	20	20	20	20	20	19	19	19	18
B. Bound Tests											
B1. Real GDP growth	15	17	19	19	18	18	17	17	16	15	15
B2. Primary balance	15	16	18	17	17	17	17	16	16	15	15
B3. Exports	15	21	29	29	28	28	27	26	26	24	23
B4. Other flows 3/	15	18	22	21	21	20	20	19	19	18	17
B5. Depreciation	15	20	19	18	18	17	17	16	15	15	14
B6. Combination of B1-B5	15	22	24	24	23	23	22	21	21	20	19
C. Tailored Tests											
C1. Combined contingent liabilities	15	18	19	20	20	20	20	19	19	19	18
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	15	19	22	22	22	21	20	20	19	18	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	50	56	60	59	59	58	58	58	57	57	57
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	50	59	66	70	75	80	89	98	108	120	133
A2. Alternative Scenario: Natural Disaster Shock	57	67	73	74	75	76	78	80	81	81	82
B. Bound Tests											
B1. Real GDP growth	50	56	60	59	59	58	58	58	57	57	57
B2. Primary balance	50	58	63	63	63	64	64	65	65	64	65
B3. Exports	50	89	**159**	**156**	**155**	**155**	**156**	**157**	**158**	**155**	**150**
B4. Other flows 3/	50	65	78	77	77	76	76	77	77	75	74
B5. Depreciation	50	56	53	52	52	51	51	50	50	49	50
B6. Combination of B1-B5	50	78	76	95	94	93	94	94	94	91	90
C. Tailored Tests											
C1. Combined contingent liabilities	50	63	70	71	73	74	76	77	79	79	81
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	50	76	90	88	85	83	81	81	80	78	76
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	7	4	5	6	4	4	4	4	5	5	5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	7	4	6	6	5	5	5	6	7	7	8
A2. Alternative Scenario: Natural Disaster Shock	7	4	6	6	5	4	4	5	5	6	6
B. Bound Tests											
B1. Real GDP growth	7	4	5	6	4	4	4	4	5	5	5
B2. Primary balance	7	4	5	6	4	4	4	4	5	5	5
B3. Exports	7	5	9	10	8	7	7	8	8	**11**	**15**
B4. Other flows 3/	7	4	5	6	5	4	4	5	5	6	7
B5. Depreciation	7	4	5	5	4	4	4	4	5	5	4
B6. Combination of B1-B5	7	5	7	7	6	5	5	6	6	8	8
C. Tailored Tests											
C1. Combined contingent liabilities	7	4	5	6	5	4	4	5	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	7	5	6	7	5	5	5	5	5	7	8
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	13	9	11	11	9	7	7	8	8	8	8
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	13	9	12	12	10	9	10	11	11	12	13
A2. Alternative Scenario: Natural Disaster Shock	13	9	11	11	9	8	8	8	9	10	9
B. Bound Tests											
B1. Real GDP growth	13	10	12	12	10	9	8	9	9	9	9
B2. Primary balance	13	9	11	11	9	8	7	8	8	8	8
B3. Exports	13	9	12	13	10	9	9	9	9	12	**17**
B4. Other flows 3/	13	9	11	11	9	8	8	8	8	10	11
B5. Depreciation	13	11	13	13	11	9	9	10	10	10	8
B6. Combination of B1-B5	13	10	13	13	10	9	9	9	9	13	12
C. Tailored Tests											
C1. Combined contingent liabilities	13	9	11	11	9	8	8	8	8	9	8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	13	11	13	14	11	9	8	9	9	11	12
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Chad: Sensitivity Analysis for Key Indicators of Public Debt, 2025-35

	Projections 1/										
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
					PV of Debt-to-GDP Ratio						
Baseline	30	30	29	28	27	26	25	25	24	24	23
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	30	29	28	27	26	26	27	27	27	27	27
A2. Alternative Scenario: Natural Disaster Shock	**39**	**39**	**38**	**36**	35	34	33	33	32	31	31
B. Bound Tests											
B1. Real GDP growth	30	33	**36**	**36**	**36**	**37**	**38**	**39**	**40**	**40**	**41**
B2. Primary balance	30	32	33	31	29	29	28	27	27	26	26
B3. Exports	30	34	**40**	**38**	**37**	**36**	**35**	34	34	33	31
B4. Other flows 3/	30	32	34	33	31	31	30	30	29	28	27
B5. Depreciation	30	32	30	28	25	24	23	22	20	19	18
B6. Combination of B1-B5	30	30	30	28	26	26	25	25	24	24	24
C. Tailored Tests											
C1. Combined contingent liabilities	30	**40**	**39**	**37**	**35**	34	34	33	32	31	31
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	30	32	35	**38**	**40**	**42**	**44**	**45**	**45**	**46**	**47**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
					PV of Debt-to-Revenue Ratio						
Baseline	163	183	174	165	157	150	147	145	142	139	136
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	163	178	166	159	153	150	151	152	152	151	152
A2. Alternative Scenario: Natural Disaster Shock	214	237	224	214	205	197	193	191	188	185	182
B. Bound Tests											
B1. Real GDP growth	163	198	208	209	209	210	214	221	226	230	235
B2. Primary balance	163	192	192	183	174	166	162	160	157	153	150
B3. Exports	163	206	234	225	216	207	203	202	198	193	184
B4. Other flows 3/	163	198	203	194	185	178	175	173	170	165	159
B5. Depreciation	163	197	178	165	152	142	135	129	122	115	108
B6. Combination of B1-B5	163	186	177	163	155	149	147	146	143	141	138
C. Tailored Tests											
C1. Combined contingent liabilities	163	247	232	221	209	200	195	191	187	183	180
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	163	225	235	255	259	259	259	257	262	267	272
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
					Debt Service-to-Revenue Ratio						
Baseline	36	47	46	40	33	26	25	26	27	27	27
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	36	48	47	42	35	28	28	30	31	31	31
A2. Alternative Scenario: Natural Disaster Shock	36	77	71	67	55	44	41	40	40	40	39
B. Bound Tests											
B1. Real GDP growth	36	50	56	55	51	46	48	52	55	58	60
B2. Primary balance	36	47	53	52	43	35	32	32	32	31	31
B3. Exports	36	47	46	41	34	26	26	27	27	30	33
B4. Other flows 3/	36	47	46	40	33	26	26	26	27	29	30
B5. Depreciation	36	46	46	41	33	26	26	27	27	27	27
B6. Combination of B1-B5	36	47	46	41	33	26	26	27	28	28	28
C. Tailored Tests											
C1. Combined contingent liabilities	36	47	81	69	62	48	44	42	40	39	37
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	36	55	54	54	56	55	59	62	64	67	69
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

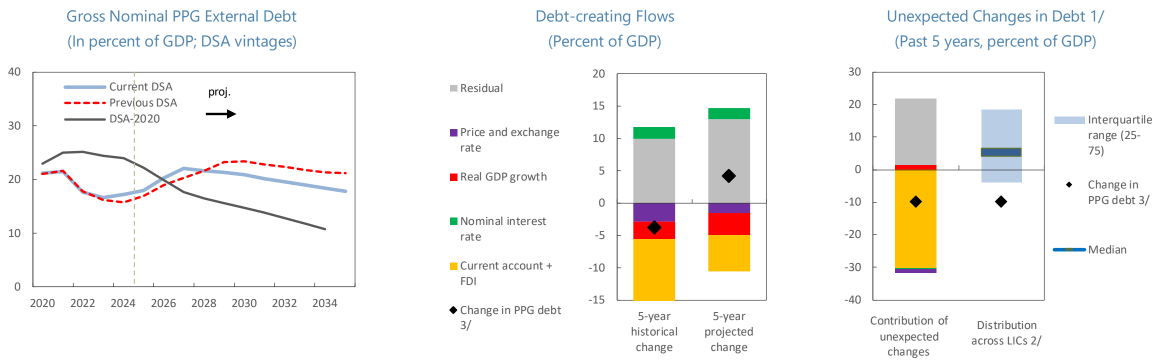
1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

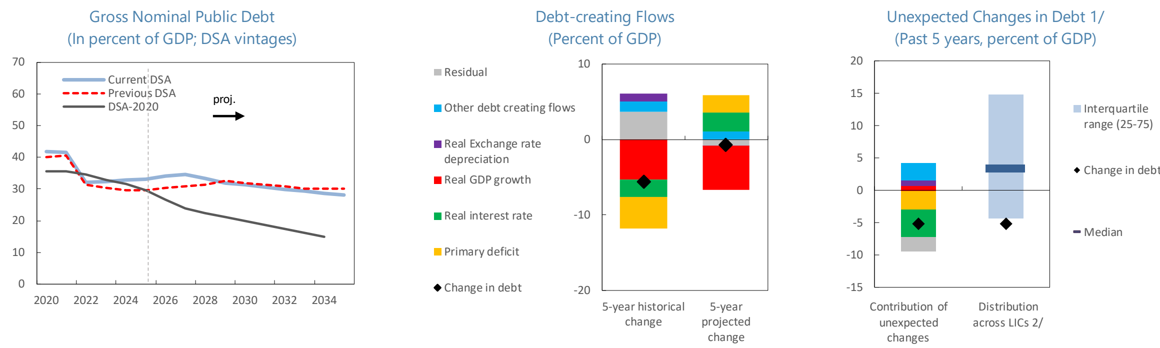
3/ Includes official and private transfers and FDI.

Figure 3. Chad: Drivers of Debt Dynamics, 2025-34

External Debt



Public Debt



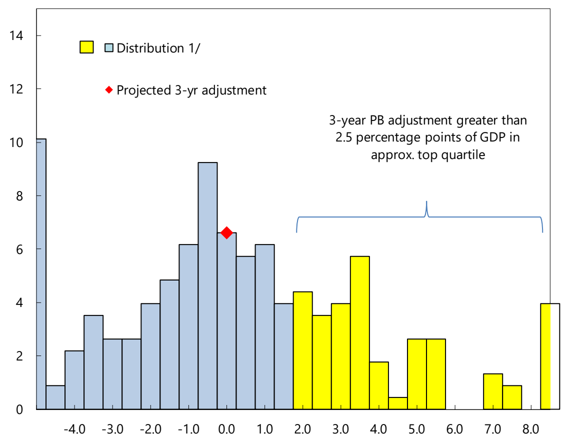
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

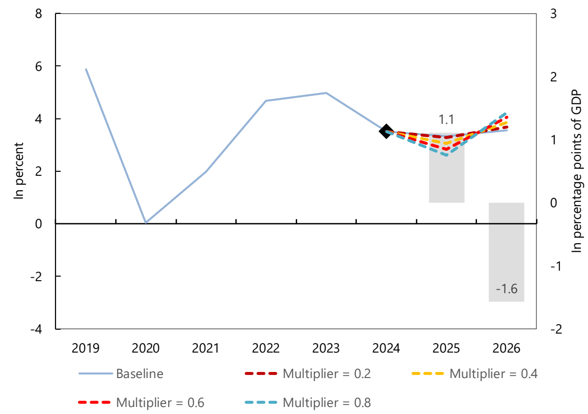
Figure 4. Chad: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



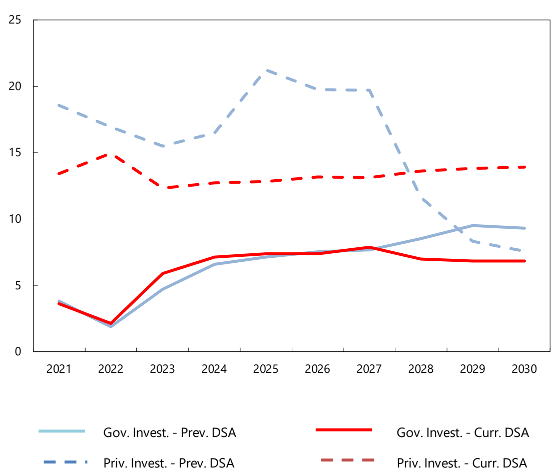
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

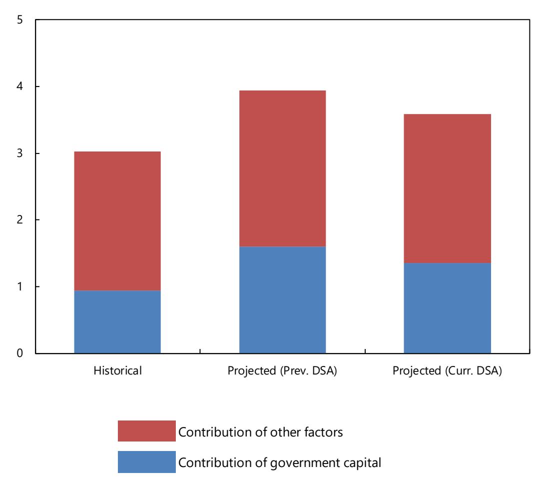


1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(Percent of GDP)



Contribution to Real GDP Growth
(Percent, 5-year average)



Statement by the Staff Representative on Chad
July 25, 2025

1. **This staff statement does not alter the thrust of the staff appraisal in the staff report. It intends to inform the Executive Board that all prior actions have been met.**

2. **The prior action (No. 1) on establishing export and import duties of 5 percent on certain products, other than essential goods and nontaxed products (detailed in the MEFP ¶18), and up to 10 percent on antimony, unprocessed copper, and electric engines has been met**. The Minister of State, Finance, Budget, Economy, Planning, and International Cooperation issued series of decrees ("*Arrêtés*"): No. 128/MFBEPCI/SE/SG/DGDDI/DELDC/2025, No. 129/MFBEPCI/SE/SG/DGDDI/DELDC/2025, No. 130/MFBEPCI/SE/SG/DGDDI/DELDC/2025, No. 131/MFBEPCI/SE/SG/DGDDI/DELDC/DLRDCI/2025, and No. 155/MFBEPCI/SE/SG/DGDDI/DELDC/2025.

3. **The prior action (No. 2) requiring the e-payment of taxes, fees and direct and indirect duties through banks and mobile telephone operators has been met**. The Minister of State, Finance, Budget, Economy, Planning, and International Cooperation issued circular No. 004/PR/PM/MFBPEPCI/SG/2025 on July 3, 2025.

4. **The prior action (No. 3) requiring the closure and suspension of the opening of customs offices and posts that do not have an e-payment system and ASYCUDA has been met**. The Director General of Customs and Indirect Duties issued note No. 019/DGDDI/DELDC/DLRDCI/2025 on June 25, 2025.

5. **The prior action (No. 4) requiring exchange of letters to suspend (i) new hires in the non-priority civil public sector (detailed in the MEFP ¶21), beyond the commitments made in the 2025 budget law, until the end of 2026, as well as (ii) interministerial movements of agents, except in cases of agents joining the education, higher education, or health sectors to work as teaching and health staff ; and (iii) make numerical replacements, position by position, conditional on the submission of deletion (radiation) acts, death and retirement certificates has been met**. Letter No. 0401/MFBEPCI/SE/SG/DGBI/DS/2025 by the Minister of State, Finance, Budget, Economy, Planning, and International Cooperation was sent on June 25, 2025, and answered by letter No. 0110/PR/PM/MFPCS/SG/2025 by the Minister of Public Service and Social Consultation on July 9, 2025.

6. The prior action (No. 5) on sharing with staff a progress report on the audit of oil revenues since 2020 and the establishment of a visualization system (Data Analytics) for the management of oil revenues in Chad has been met on July 10, 2025.

7. The prior action (No. 6) on the issuance of a new Presidential Decree revising the Presidential Decree No. 3361/PT/PM/MFBCP/2023 to govern the use of emergency spending procedures has been met. The revised Decree No. 1480/PR/MFBEPCI/2025 was published on July 17, 2025.

Statement by Mr. Regis N'Sonde, Executive Director for Chad, and Mr. Madjiyam Herve Bangrim Kibassim, Advisor to Executive Director

July 25, 2025

I. Introduction

1. **The Chadian authorities highly appreciate the candid and productive discussions held with IMF staff in N'Djamena and the support from Management and the Executive Board over the past few years.** They view close engagement with the IMF as critical to Chad's macroeconomic stability and development agenda reflected in their new National Development Plan for 2025-2030 (Tchad Connection 2030) aimed at i) increasing Chad's geographical and economic openness, ii) enhancing competitiveness and attractiveness, and iii) advancing economic diversification. The completion of the political transition and the establishment of the new institutional framework in February 2025 were important milestone on the path to stability and resilience in a shock-prone environment.

2. **In an environment marked by high global uncertainties, the Chadian authorities are determined to mitigate the impact of continuous shocks to the economy and the country amid shrinking humanitarian aid and official development assistance.** These shocks include challenges related to security, climate change, food insecurity, and the refugees and humanitarian crisis from the conflict in neighboring Sudan. It generates significant external financing needs, estimated at more than 9 percent of GDP. In this context, the authorities are requesting a new Fund-supported program under the Extended Credit Facility (ECF) to strengthen their macroeconomic framework and build resilience. They attach high importance to the program's catalytic role and the effectiveness of its social component while accommodating critical security-related issues. Learning from the previous ECF arrangement, and cognizant of the required consistency of the program with CEMAC regional strategy, the authorities are committed to fiscal consolidation and enhanced governance.

II. Recent Economic Developments and Outlook

3. **Albeit a slowdown, GDP growth has been broad based in 2024 amid increased inflation whereas financial conditions had tightened**. Supported by positive agriculture campaigns, resumption of infrastructure projects, an addition of 70 megawatts to the national grid, and a buoyant telecommunication sector notably, economic activity remained favorable in 2024 although GDP growth declined to 3.5% from 5.0% in 2023. Driven by fuel and food products prices, inflation increased from 4.1% in 2023 to 5.7% in 2024 but is projected to decline to 4.3% in 2025 as a result of improvements in supply of food products, transportation, and communications. On the fiscal front, fiscal deficit including grants deteriorated from -1.5% of GDP in 2023 to -2.5% of GDP in 2024 as a result of the impact of responses to floods and humanitarian crisis, elections spending and the underperformance of non-oil revenue. Although the current account balance weakened in 2024 due to lower oil revenue and increased imports related to infrastructure projects, Chad's reserves accumulation allowed it to provide its fair share to regional reserves.

4. **The outlook remains positive, with GDP growth expected to pick up to 3.6% in 2026 and 3.8% on average over the medium term against 3.3% this year while fiscal balance will improve in 2025 at -1.5 % of GDP.** These positive prospects are predicated on the projected positive impact of agriculture and mining sectors as well as public investments currently underway and on the authorities' commitment to pursue fiscal consolidation, improve the quality of public spending, and advance structural reforms in tax administration, PFM, digitalization, and governance. Favorable projections are also based on the authorities' progress in the restructuring of two public banks CBT and BCC, which they have committed to.

5. **The authorities recognize important risks to the outlook.** Downside risks relate to global uncertainty, delays in donors support, oil price and revenue volatility, climate-related events, regional security challenges, and further humanitarian crises. On the upside, potential supplementary buffers include the catalytic effects of the 2025-30 NDP and Fund-supported program on the economy, an increase in oil prices, strengthened non-oil revenue mobilization allowed by positive performance of reforms and the materialization of the country's untapped resources such as the mining sector.

6. **It is worth noting that Chad's planned response to the refugees' crisis alone will require an estimated annual financing needs of more than $800 million**. The conflict in Sudan causes continuing refugees flows towards mainly four eastern provinces of Chad. This situation has increased the need for a rapid and appropriate response, including the establishment of socioeconomic infrastructures, notably drinking water, sheltering, food and access to natural resources. In 2025, the total number of refugees is estimated at 1,631,505 refugees (about 6% of the total population) from neighboring countries. While Chad's planned response involves 35 partners of which 9 UN agencies, the decline of official humanitarian assistance put serious pressures on public finances.

III. The 2025-29 ECF-Supported Program

7. **The authorities welcome the findings of the Ex-Post Peer Reviewed Assessment and agree with Staff's assessment considering that program design and flexibility should be adjusted to external shocks**. In this regard, the conclusions of the assessment should be considered to improve Fund's engagement, consistent with the strategy on Fragile and Conflict affected States (FCS). The authorities also note that despite their strong commitments, program performance had repeatedly faced challenges from multiple shocks, notably security and natural disasters. Learning from these lessons, they agreed to observe caution and parsimony in policy conduct. They will place a focus on a continued strengthening of capacity, notably in the areas of debt management, governance, transparency, social safety net, contingency planning, and structural reforms.

8. **The proposed 48-month program under the ECF will support the authorities' economic policies, the implementation of the 2025-30 NDP and their efforts towards completing key structural reforms and addressing large balance of payments needs.** The new ECF arrangement if approved by the IMF Executive board will rely on three pillars: *(1) fiscal sustainability* through increased non-oil revenue mobilization and streamlined spending; *(2) deepened social inclusion* through improved social safety net and targeting; and *(3) strengthened business climate and governance reforms*. In particular, the implementation of the program conditionality will aim at increasing non-oil revenues, controlling the wage bill, strengthening governance and transparency in the oil sector, enhancing financial stability, and reinforcing inclusion and access to public services. Considering the country's exposure to this shock, the authorities highlight the need to give close attention to security issues. They recognize the importance of the program's "social" component and contingency measures to address this shock and the decline of international aid.

IV. Medium-Term Policies

Beyond the authorities' commitment to fiscal sustainability, medium-term policies will focus on reinforcing social inclusion and poverty reduction and mitigating the procyclicality of fiscal policy by contemplating contingency plans.

Fiscal Policy

9. **The authorities will implement a prudent and transparent fiscal policy while pursuing fiscal reforms with the goal of ensuring fiscal sustainability.** Considering the discipline required by heightened uncertainty and oil revenue volatility, the authorities plan to comply with the regional convergence criterion on fiscal deficit by gradually reducing non-oil primary deficit below 5% of non-oil GDP over the medium term. The implementation of the 2025 budget, sustained by the 2022-27 Public Finance Strategy (PFS), will prioritize strengthening non-oil revenue mobilization by about 2% of non-oil GDP. In this context, strict enforcement of tax compliance, electronic invoicing, and fight against tax evasion will contribute to increasing non-oil revenues and support the budget decentralization process. The authorities are confident to exceed their 2025 revenue targets.

10. **The long-term sustainability of revenue mobilization requires digital platforms to be accessible to all segments of the population**. In this regard, tax declaration should be expanded from tax centers to declarations centers located across the country. In this regard, efforts will be made to ensure reliable energy and internet supply to revenue offices. Similarly, fiscal control will be strengthened and a cross-checking module for the tax platform e-taxe implemented to allow the tax directorate DGI to exploit more efficiently

taxpayers data. Other revenue-enhancing measures include strengthening capacity building, deploying digital platforms e-visa and e-notaire[1] for land administration and ASYCUDA Word for custom administration. The reform undertaken by the directorate of customs DGDDI and the modernization programs of the directorate of estates DGD prioritizing the integration of the registration module e-enregistrement to SIGFIP (IFMIS), the operationalization of the land registry module e-conservation and online payment services, the issuance of digital stamps and the bringing of its archives to international standards are all expected to further improve non-oil revenue.

11. **On the other hand, non-priority spending will be streamlined to generate the fiscal space required for priority investments and for increasing social spending from 4.6% of non-oil GDP to 4.9% of non-oil GDP**. Building on the enhancement of spending quality allowed by digital reforms, efforts will be undertaken to contain the wage bill to 6% of non-oil GDP by 2030 from 6.8% in 2024. To this end, a hiring freeze is currently enforced in the civil service while the control of staffing in autonomous institutions is strengthened. Nonetheless, an exception is made to consider the integration of about 2,000 civil servants in priority sectors (health and education) and the fiscal impact of the national reconciliation process (civil and military benefits of former armed groups members). Considering that all reforms undertaken since 2017 have been unsuccessful to reduce the wage bill, the authorities share the view that innovative methods should be envisaged. While they recognize the importance of improving efficiency in human resource management, the effective implementation of biometry census is expected to reduce duplicates and clean civil service databases. Regarding public investments, the government is committed to increase investment spending to 4.6% of non-oil GDP from the historic average of 2.0 % and create a database in SIGFIP allowing better monitoring and management of public investments.

12. **Reforms aimed at enhancing PFM, budget transparency and financial programming will be pursued while specialized committees supporting policy monitoring and efficiency are revitalized**. In this connection, the Expenditure Commitment Committee and the Treasury Committee will be reactivated and the Public Finance Monitoring Committee in charge of validating and publishing the monthly, quarterly, and annual government finance operations table (TOFE) will be established. In the same vein, the draft budget review law will be submitted to the Court of Auditors and the use of exceptional expenditure procedures (DAO), and extra-budgetary procedures will be reduced in line with program parameters. The reform of SIGFIP will be completed with the implementation of its accounting module in 2026 and its online access made available to key public finance institutions. Moreover, it should be noted that important progress has been made in the implementation of the Treasury Single Account (TSA) considering that key requirements– including the implementation of its legal and institutional framework, the monitoring committee, and an escrow account—have been completed. Nonetheless, the implementation of CEMAC harmonization convention is necessary before further steps—including the establishment of the interface between SIGFIP and the regional TSA management application AMS/X—are undertaken.

[1] E-visa is dedicated to online visa applications and payments while e-notaire is dedicated to notary and legal procedures and allows a connection of the ministry of finance and legal departments.

Other PFM Reforms

13. **The authorities plan to carry public finance reforms at sectorial and provincial levels.** This includes the digitalization of DAO, of revenue administrations through **e-taxe**, the integration of budget program to SIGFIP, the full deployment of customs ASYCUDA system and the generalization of standardized electronic invoice (FEN**)** from January 2026. The integration of DAO to SIGFIP, preventing manual procedures, is expected to enhance spending quality and transparency.

Debt Management

14. **The authorities remain committed to a prudent debt management policy and to working towards improving the DSA assessment of debt distress**. Although the authorities deplore that the risk of debt distress remain assessed as high, Chad total public debt declined from 49.8% of GDP in 2017 to 33% in 2025, the lowest in the region, and is projected to reach 31.3% of GDP in 2030, helped by the debt restructuring process. Going forward, they will prioritize concessional loans and grants do their utmost efforts to not accumulate arrears and pursue debt negotiations in good faith with creditors while strengthening debt management capacities. In this context, the monitoring and analysis of public debt will be placed under the responsibility of the Directorate General of the Treasury. Given the saturation of the regional financial market and high costs of debt service, strengthening loans maturities and enforcing an annual borrowing limit of CFA 15 billion are priorities.

Banking Sector Reforms

15. **The authorities are committed to completing the restructuring of the two main public banks and strengthening financial stability, promoting financial inclusion, and enhancing the supervision of financial institutions.** Chad's financial system is assessed by the central bank BEAC to be stable although NPLs increased by 13.1% at CFA 386.5 billion (2.9% of GDP) in 2024 and liquidity pressures need to be addressed. The two public banks in difficulty, CBT and BCC are making progress in their restructuring plans and have appointed new managements. In particular, BCC has implemented a receivable convention with the government allowing to reduce its liabilities and will submit by end-year, a second plan for a CFA 15 billion capital increase. BCC initiated Islamic finance, but delays in the implementation of the legislation has constrained further progress. To advance its digitalization transformation and loans recovery, it is seeking IMF's technical assistance. On the other hand, while the regional banking commission COBAC validated CBT's restructuring plan in July 2024, the new management requested its revision to be submitted at end 2025. CBT called for IMF's technical assistance, notably to help improve its situation and visibility. The authorities are also considering the privatization of two minor banks, the Housing Bank of Chad (BHT) and the Agriculture and Commercial Bank (BAC). Regarding the safeguard framework, COBAC is continuing its on-site missions aimed at ensuring that banks comply with recommendations, in addition to the creation of a collection agency. The performance of other banks, including UBA, Coris Bank, Orabank, Ecobank and BSIC is satisfactory, with limited sovereign-bank nexus.

Structural Reforms

16. **In the context of the 2025-30 NDP and the 2025-29 ECF arrangement, the authorities' priorities in structural reforms are oriented towards strengthening inclusion and governance while diversifying the economy away from oil**. Due to vulnerabilities to physical shocks and development challenges, social indicators in Chad have remained low. In response, the authorities plan to step up social inclusion and poverty reduction under the new NDP by strengthening social safety net, increasing national identification, and improving access to public services. In this context, the Third Census has been launched, and the improvement of citizens identification will contribute to reinforcing the targeting of vulnerable population, the efficiency of public interventions and the identification of taxpayers. The later will mitigate the effects of the high informality of the Chadian economy and enhance domestic revenue mobilization. Consequently, the government's initiatives supported by partners, notably the World Bank, including the 2024-28 National Social Protection Strategy and the Productive Social Safety Net Program (PSSNP), aims at expanding in the long term the coverage of the biometric national identification process. This will allow further enhancement of productive cash transfer programs and advance the operationalization of the Unified Social Registry (RSU). The digitalization process and financial inclusion strategy will be further supported by the development of financial and microfinance institutions. Access to education will be enhanced through the development of school canteens, benefiting from an important budget allocation.

17. **The authorities' governance reform agenda places high priority on enhancing transparency, public institutions efficiency, business climate and the fight against corruption**. To help advance their priorities in governance, including by addressing institutional vulnerabilities and improving economic and financial governance, the Chadian authorities are requesting an IMF governance diagnostic assessment. At the same time, the strengthening of transparency in the oil sector and in SOEs reforms—including through regular publication of SOEs' financial statements—will continue. With technical assistance from AFRITAC, the authorities are implementing, over three years, a framework dedicated to reforming SOEs, public establishments, as well as administrative and independent entities. They are requesting technical assistance on the wage bill, the computerization of customs administration and for advancing with the elaboration of green taxonomy in order to support the government's climate agenda priorities.

18. **The authorities take good note of staff's capacity building plan for Chad.** In particular they welcome the staff's readiness to provide assistance for ensuring timely and quality data. They also acknowledge the CD strategy targeting PFM, revenue administration, expenditure control, debt management and national accounts statistics.

V. Conclusion

19. **Chad has undertaken a new National Development Plan to deepen its geographical connectivity and advance economic diversification. In this context, the**

authorities are requesting a 48-month ECF arrangement to strengthen macroeconomic stability, address BoP needs, and create a conducive environment for growth and development. Learning from their recent engagement with the Fund, the authorities express their strong ownership of, and commitment to the new program. They have met the prior actions for the ECF arrangement. They will highly appreciate Executive Directors' approval of their request.