

## Oil impact in Chad's economic growth

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**Abstract:** In context of rapid oil boom in Africa, our attention was related to the Chadian oil project in order to make a presentation of this project, to evaluate the project, to know the different actors of this project, to evaluate the project while paying a special attention its impact has on economic growth of Chad through the Government actions and finally to put forth recommendations to improve this project.

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### Introduction

Presented from the beginning as a project which would contribute to reduce poverty to Chad, the oil project was set up since October 2003, one year before the date initially envisaged. This project involves the largest private sector investment in sub-Saharan Africa with a cost of 4.2 billion dollars. This project is co-financed by three multinationals (Exxon Mobil, PETRONAS and Chevron), the group of the World Bank (GWB) which granted appropriations to the governments Chadian and Cameroonian for their participation, the agencies of credit of exploitation and other investors.

The GWB subjected its participation provided that Chad makes vote a law of management of the oil incomes 1999. But this one of it thereafter was called into question by Chad and was modified in December 2005, giving up by the same occasion its obligations in worms the money-lenders. This modification caused firstly a tension between Chad and the GWB but in 2006 a new agreement was found between the GWB and Chad. All this leads us to ask ourselves how this pipeline will contribute to the development of Chad? The work will have the aim of providing brief replies. It will be a question of presenting the project generally, of analyzing the conditionality rising from the negotiations and finally the stock management as well as the impact on the Chadian economy.

### I. General presentation of the oil project.

#### 1.1. Historical.

Since the years 1960, Chadian oil is coveted, in particular with the unfruitful research undertaken by two French groups north of country: the Office of oil research (of 1962 1965 have) and the French institute of research, l'ORSTOM (1965 have 1967). In 1969, the research and work undertaken by the American group Continental oil company

(CONOCO), which obtained the downstream of the government of NGARTA TOMBALBAYE after the departure of the French companies, appear profitable in the south of Chad. Following this discovery the CONOCO signs a contract with the Chadian government, according to which Chad should receive 50% of clear benefits plus a royalties of 12.5% of the production.

Thereafter, the CONOCO yields 50% of its shares to the Dutch company Shell, 25% with Rafter and 12.5% has Esso, two American companies. There will remain to him only 12.5% that it will yield finally to Esso in 1977. While proceeding these new shares, Esso is found on the same level that Shell is 37.5% thereafter the situation of the country being unstable, CONOCO is withdrawn. In 1988, the president of the time signs a convention of research, exploitation and transport of hydrocarbons. Two years later the country knows a regime change. That does not prevent the country from continuing its negotiations with the various partners. In 1992, it is the turn of Rafter to sell its shares its shares have the French company and to leave the consortium. In the new one divided, Exxon will hold 40% just as Shell, Elf would be satisfied with 20%. Chad being a country wedges, Cameroun is selected for the routing of oil via the construction of a pipeline of 1070 km since Doba until the coastal region of Kribi.

At the same time, the World Bank is requested by Esso to guarantee the project of the political risks and to support the Cameroonian and Chadian States financially << in order to allow them to take share with the oil consortium in charge of the development of the >>. Thus, while uniting with the project, it succeeds in mobilizing part of the amount (of 1.4 billion USD) coming from its subsidiary companies, of the agencies of export credit and the private banking.

In addition, the two countries signed

agreements with the consortium for the realization of the pipeline. One of the agreements is a letter of intent concerning the construction of the pipeline<< which will be used for the evacuation of Chadian oil through Cameroun>>. The other with knowing the draft-agreement, is signed in January 1994 between the two governments and the oil group who < state the guiding principles to take into account for the realization of the Cameroonian section of the system of transport of hydrocarbons by the pipeline>. Another bilateral agreement is signed between the two States in February 1996. However in 1999, pleading that the gas layers of Angola are more lucrative, Shell and Elf withdraw project. Exxon commits itself finding other partners, of or the entry in 2000 of the Malaysian company PETRONAS which recovers 35% of the shares whereas the American group Chevron petroleum obtains 25%. June 6th, 2000, the board of trustees of the World Bank approved the project of export << intended to make profit directly the poor, the vulnerable ones and environment of the oil wealth >>

October 18th, 2000, work of the pipeline begins officially in Chad. Two days later official launch of the Cameroonian coast with Kribi. In October 2003, the pipeline is inaugurated officially by the president Deby in the presence of 4 Heads of States of sub region. Since July 2003 the pipeline is in service.

### *1.2. Presentation of Chad.*

Located in central Africa, landlocked country and vast of a surface of 1.284000 km<sup>2</sup>, which twice makes France and thirty times Switzerland, Chad is bordered in North by an almost rectilinear border with Libya (1055km), in the west by Niger (1175km), in South-west by Nigeria (189 km of common waters territorial with Chad on the lake Chad) as well as Cameroon (1800km) and finally in the South by the Central African Republic (1197 km). It extends to North on the southernmost Sahara with the solid mass from partially mountainous and volcanic Tibesti or culminates Emi koussi (3415 km) and the South by savanna on the plates and some zones of culture, generally irrigated. The principal rivers are Chari (1200 km) and Logone (970 km) directed South-east/North-western which meets Ndjamenia before approaching the lake Chad (fourth Africa Lake). Chad is a country populates of 11 million inhabitants in 2009. Chad was always an agro-pastoral country but since 2003, it belongs to the circle of the oil producing countries.

Before the beginning of the oil exploitation, the trade balance of Chad was deficit, but since 2004 the deficit is made up. Politically, the country is directed by Idriss Déby since 1990, this last revised

the constitution in 2005 and adopted by new referendum which removes the limitation of the presidential mandates.

### *1.3. Oil project in question.*

The project Chad-Cameroon pipeline to date constitutes the largest investment of the private sector in sub-Saharan Africa. The construction of a pipeline measuring whose 170 km crossing Chad and 9000 km Cameroun allows the routing of oil from the 3 zones of exploitations, Miandoum, Komé, and Bolobo, of the area of Doba, in the south of Chad, to the Cameroonian coastal town Kribi, << the drain is prolonged of 12 km under the sea to a floating marine terminal from where the tankers are charged has destination of worldwide market>>.

Oil reserves are estimated at 920 million barrels, either 920 million tons of oil, the production intended for the exploitation is estimated at 250.000barils/days or 11 at 12 million tons of oil for 35 year's. What will make of Chad the 4th producing country in Saharan southern Africa after Nigeria (94 million tons per annum), Angola (31millions of tons per annum) and Gabon (18 million tons per annum).

The realization of the pipeline required the repairing << and the rehabilitation of 1100 Kms of tracks, the installation of a pipe 76 km in diameter, and the drilling of 300 wells on the site of Doba, the installation of 3 pumping stations, and the installation of a terminal of loading at sea near Kribi>>. The setting road of the pipeline required the construction of other infrastructures: a control center of the operations, residences, an aerodrome, roads, pumping stations, an electric center.

The American company Esso, known in Chad under the name ' Esso ' exploration-production' is in charge of the consortium and acts as an operator for the development of the oil-bearing Zones. Two shipping companies for the pipeline were especially creates for the occasion: Cameroon oil transportation company, SA (COTCO) and Chad oil transportation company, SA (TOTCO). In the first company the consortium holds 80% and Chad 12.5% and in the second, Chad holds 15% of the shares and the consortium 85%.

#### *1.3.1. Distribution of the cost of the project by the actors.*

The whole of the investments in the beginning was estimated at 3.7 billion dollars.1.5 billion finances entirely by the consortium was useful for the upstream part, the 2.2 rent with the part swallows and financed by the conglomerate and the two States were useful for the two joint-ventures. The WB granted loans to the two States via the BIRD with the governments Cameroonian and Chadian, the

SFI, connects of the World Bank for the financing by the private sector has allocated a direct loan of 100 million to the consortium and another loan syndicates of 100 million.

### *1.3.2. Real participation of the group of the World Bank in the Chad-Cameroon pipeline project.*

If one takes into account the loans with the public sectors and deprived, it arises that the World Bank financed the pipeline project with more than 300 million dollars. Indeed the BIRD, subsidiary of the World Bank which grants the loans to the governments Chadian and Cameroonian to allow them commercial rate, provided loans to the Chadian and Cameroonian governments to allow them to take part in the financing of the pipeline. The international development association (AID) offered three loans with reduced tax to Cameroon and Chad in order to reinforce their constitutional, legal and lawful capacities before the beginning of the oil production. When to the SFI, it granted a direct loan to the group oil of the syndicated loans coming from the financial sector deprives.

### *1.4. Awaited advantages of the oil exploitation.*

The oil production of Doba gathers approximately 1 billion barrels; it reached its 250,000 barrels/days rate in 2004. The consortium envisaged a fall of the production with 150,000 around the sixth year and 100,000 as of the tenth year. However << this forecast can change according to the new discoveries possible>>

In addition while being based on the original estimates of the WB on a price of the barrel 15.5 have, it was expected that Chad gains more than 2.5 billion dollars oil incomes over the duration the project, that is to say 80 million per annum. But considering the blaze of the prices of the goal of these last years, the awaited incomes will be largely with the top of its forecasts. In the same way estimates following the discovery of new oil fields and the granting of new licenses to the Chinese and Taiwanese companies, give a report on more important sums for Chad approximately 5 to 6 billion on the entire project. These oil incomes will double the budget income which in 2001 was only of 300 million dollars. For the 15 next years, one envisages 80% of the benefit of the project. With that adds other sources of incomes. They are the no-claims bonus of signature, from the direct incomes (royalties and dividends of the participation of Chad in TOTCO and COTCO) and the indirect incomes (income tax and other taxation of the oil consortium and the customs duties).

The no-claims bonus of signatures are directly paid << with the governments hosts during

the signing of contracts for a new concession, and are versed without regard to the possible oil discovery>>. Chad perceived 25 million dollars in 2000 and two payments of 15 million dollars in 2003 and 2004 for a new agreement of exploitation with the consortium Exxon Mobil. For the direct and indirect incomes, Chad started to perceive for the first, the funds at the beginning of the oil exploitation, but for the seconds, the incomes started with accumulated only since 2007. The tax exemptions from which one profited the consortium represent a considerable shortfall for the country, although the purpose of these exemptions is to attract the investments. However these measurements encourage more the firms to extract more possible quantities of oil during this tax leave, which get them exceptional profits. Most rough of Doba is forwarded to the Asia and South America for refining.

## **2. Conditionality.**

In Chad, the World Bank was not with its first participation in an oil project. Before engaging following the pressures of the civil society, it innovated this time while requiring << as prerequisite in its financial support with the project which are adopted a certain number of measures >>. It acts of the adoption by Chad of a plan of management of the oil incomes, taking as a starting point the model Norwegian and single in Africa, voted within the framework of the law on the management of the oil incomes in 1999 (10% of the incomes allocate for the constitution of funds of future generation and placed in an account sequesters offshore oil rig in Citibank, for being used by Chad to face its need once the exhausted oil resources. 90% set out again in the following way: 72% reserved with the financing from the priority sectors, 4.5% reserved with the Community projects of the area of Doba and 13.5% devoted to the current expenditure of operation of the State and finally the setting place by the WB and a college of control and monitoring of oil incomes (CCRSP) composed of 9 members who must take care of the transparency of the projects financed by the State) a guarantee that the oil incomes will be used for the development of Chad. But this one was called in question by Chad which carried out modifications in 2005, which caused a crisis with the World Bank and finally led to the signature of a draft-agreement in July 2006 (65% of the direct incomes assigned to the priority sectors including from now on justice and safety then 5% with the producing area and 35% for the operation of the State, Chad must prepare from now on a framework of medium-term expenditure for the annual budgetary expenditure of which the surpluses will be deposited at the bottom of stabilization for a future use, so that

the government reinforces the college in order to guarantee the confidence of public and the transparent execution of the projects financed by the oil funds and finally that the government makes a quarterly publication of the data on the execution of budget and of the regular audits of the contracts of the government contracts). A joint committee of monitoring of oil incomes (CCSRP) including representatives of the civil society and government was set up. Various independent organizations of monitoring charged to follow the implementation of the project and its effects on the local population also were created. To finish the World Bank required consortium which it conforms to the operational directives on the respect of the environment, the consultation of the populations and their compensation.

Concerning the relations between the State and the consortium, of the legal documents connect them: conventions COTCO and TOTCO for the downstream part and the convention of research, exploitation and transport of hydrocarbons for the upstream part. the two first establish the conditions of management of the pipeline concerning inter alia, the royalty, the taxation and the applicable duty, and the payment of the litigations between the parts the third going back to 1988 and revised in 1997, fixes the rules relating to the exploitation, the royalties, and the tax provisions. Another convention was also signed in 2004 between Exxon Mobil and the government of Chad.

The convention of research, exploitation and transport of hydrocarbons of 1988 provides to Chad 12.5%. It should be specified that Chad compared to other African countries, << employment a system of concession contract and not a system of division of the production. Chad draws its incomes from the royalties and makes it possible the oil consortium to sell the production on going it international. The rate of royalty and the catch of Chad on oil are also lower than those of much of oil producing African countries >>.

The new convention of research, exploitation and transport of hydrocarbons signed in 2004 between Exxon Mobil and Chad provide to Chad 14.5% instead of 12.5%.

### **3. Evaluation of the project: Oil exploitation.**

#### *3.1. Gross output of oil.*

To date Chad put on the international market a total production of more than 300 million barrels of Doba-blend. In 2003, Chad produced and exported 8,584,461 million barrels for a value of 128,148,936 040.39 billion FCFA. In 2004, it produced and exports 61,323,306 million barrels for a value of 1,214,096 787 000.24 billion FCFA. In 2005 Chad

produced and exported 63,264 892.2 for a value of 1,831,560 180 762.98 billion FCFA. In 2006 Chad produced and exported 55,935,771 million barrels for a value of 1,925,929 513 119.68 billion FCFA. In 2007 Chad produced and exported 52,669 030 million barrels for a value of 1,831,352 491.134.89 billion FCFA. In 2008 Chad produced and exported 46,411 342.4 million barrels for a value of 2,017,458 796,188 34 billion FCFA.

#### *3.2. Affection of the oil resources to the budget.*

From 2003 to 2008 Chad received 396,434,631 372milliards FCFA of oil as royalties. Thus since 2004, the oil resources started to occupy an important place in the budgetary resources. In 2004, those occupied 38.67% of the total revenues of the State. In 2008, they have occupies 72.88% of the budget revenue with the peak in 2007 (73.21%).

It should be recognized that the budget of Chad has been tributary for a few years of the oil resources, vulnerable in their turn, the fluctuations which the prices of the barrel of oil know on the international market.

#### *3.3. Economic situation of Chad between of 2000-2008.*

Oil investments, of 2000 to 2003, then the beginning of the production, as from October 2003, are the principal catalysts of the growth since the beginning of the year 2000. After two years of stagnation in 1999-2000, the growth rate of the GDP reached meadows of 10% in 2001-2002, then an annual average from approximately 24% in 2003-2004.

Since the arrival of the oil revenues in 2004 the Chadian economy which was dominated before by cotton and the breeding, and which paid on average nearly 120 billion fcfa per annum, knew an important turning. The growth of the GDP particularly was strong in 2004; it amounted to 36.1% compared with 15.1% in 2003. Oil exports thus constituted the central element of this growth even if the nonoil products also recorded a growth of 1.9%.<< the oil production rose to 61,323,306 million barrels in 2004>>

In 2005 the GDP was in growth of 8.4% after an exceptional growth of (+ 34.1%) recorded in 2004. This increase, due mainly to the nonoil GDP, which was the genuine engine of the growth (+11.4%) did not succeed in doping the growth, because << of the strong water content of hydrocarbon extracts from under Chadian grounds, on the site of Doba>>. Despite the slight increase of the oil production to 63,264 892.2 million barrels<< the introduction of new fields to the third quarters allowing of stage the fall of the oil production on the site of Doba>> makes



the growth of It was especially animated by the oil investments, then by the oil production.

From 2003 to 2005, the growth rate of the GDP reached an annual average of 18.7% and that of the GDP per capita, 15.6%. The nonoil GDP also believed him at intervals accelerated, 6.4% on average over the same period. Stabilization then the provisional decline of the oil production since the end of 2005 had as a consequence a deceleration of the growth with 7.9% in 2005 and 0.2% only in 2006.

The gross output dropped into 2006 by 9.2%. Thus, the installation of new oil fields in 2006 did not make it possible to compensate for the reduction in volumes of extracts of Doba, which had mainly with the technical constraints (strong water content of rough extracts from these fields). A raising of the oil production was done in 2007, but the growth of the GDP remains weak, at 1.5%. The nonoil GDP continued to grow at relatively satisfactory intervals in 2006 (4.4%) but weakened in 2007 to account for approximately 3.3%. With an average annual growth of 3.5% over the period 2003-2007, it is especially the primary education GDP except oil which drew the growth from the sector not-tanker. Favorable climatic conditions (except in 2004), progress of the irrigation, the equipment of the farms, the construction of pastoral wells and pumping stations, a request for agricultural produce carried by a beginning of urbanization and the regional markets explain the growth of the primary education GDP except oil. The installation of priority roads, a better maintenance of the existing highway network, progress of the access to water and the expansion of mobile telephony are also among the factors which supported the growth of the whole of the Chadian economy.

### 3.3.1. Repercussions of the oil exploitation in the Chadian economy.

The repercussions of the oil resources for Chad are direct repercussions and indirect repercussions.

The direct resources, they are the 12.5% of the royalties on the oil products thus on the market products, the Chadian government receives 12.5%. ainsi in 2003 and 2004 cumulated Chad perceived consortium 167,518 254.58 million dollars, in 2005.260 866 037.32 million dollars, in 2006.295 403 060.57 million dollars, in 2007.318 800 424.42 million dollars, in 2008 449,576 030.87 million dollars. Apart from that, it receives also dividends since the State is also shareholder. The State already received 2 to 3 times of dividends.

The royalties of Chad set out again as follows:

- 30% for the operation of the treasure
- 65% for the priority sectors
- 5% for the producing area

The State makes use of a considerable part of the oil resources to fight against poverty and to create a strong economic growth. Thus, since 2004, the State invested in the priority sectors engine of the growth 65% of the royalties. The sectors thus touched are: state education, public health, the social action. Agriculture, the breeding, mines and energy, infrastructures, the post office and new technologies, higher education, town and country planning, oil, fishing, pastoral and environmental hydraulics, justice. Thus in 2004, for the priority sectors 28,213,123 billion Fcfa was allocated, in 2005, they were 83,914,584 667 billion FCFA, in 2006, they were 78,447,846 772 billion FCFA, in 2007, they were 70,542,167 092 billion FCFA, finally in 2008, they were 109,912,099 607 billion FCFA.

This private interest of the State to the priority sectors, answers a will to draw the growth to the top and by the same occasion of booster rocket the national strategy from fight against poverty.

Thus works were born and others are in the course of executions. We will quote some examples to illustrate our remarks, as follows:

Under the minister of education, schools and colleges were built in Mayo Kebbi East and west, Tandjile, Logone Orientale, Logone Occidental, Mandoul and the Chari Means,

With the title of the action, Hadjer Lamis, Bitkine, Guera, Bowl, Mao, Massakory, Chari Baguirmi Ndjamenana, Kyabe, Bebotto, Sarh, Lay, Kelo, Pala are equipped with the social center and nursery schools. Thus, as the ministry for agriculture, of the rural development projects were set up, inter alia, the rural development project of Ngouri for the installation of thousand hectares, the project of hydro installation agricultural of Hamatie, the development project of the prefecture of the lake, the creation of a center of rescue of the bovine race Kouri etc...

Under the ministry for Health, construction and equipment of the medical delegation and housing of the chief consultant of Massakory, construction of a maternity with ATI, construction of the modern hospital of Ndjamenana etc...

Under the ministry for the infrastructures, construction of the bridge of Choua and Lay, construction of the road voices, centers Ndjamenana - Moundou, centers Ndjamenana- Abéché, centers Moundou-Doba and Koumra. Asphalted of the town of Ndjamenana, construction of the municipal stages of Ndjamenana, construction of the stadium of Doba etc...

Under the ministry for the mines and energy, the electrification of the town of Bebedja,

construction of a mini-refinery has Sidigui, electrification of the town of Mbaibokoum etc...

### *3.2. Environmental and social consequences.*

In spite of the positive contribution of the oil project on the sector of employment, of the infrastructures, of health and the economic activity in general, it does not remain about it less than governmental organizations belonged to many environmental and social problems.

It is: the systematic destruction of vegetation, the threats on the biodiversity, the progressive disappearance of certain animal species, pollution by dust in the oil zone, the provision and the management of waste, displacement forces populations for S to adapt their grounds, the massive departure of the teachers to work in the building sites, of the payments of individual and collective compensations on an arbitrary basis.

In addition, the multiplication of the temporary camps and the migrations revealed new factors, the such prostitution, the MST in general and the HIV AIDS in particular and the increase of malaria.

### *3.3. Beneficial contribution of the investments.*

Since 2002, Chad makes party of the 10 countries of Africa which attracts the most IDE (direct foreign investments), these investments which mainly do not concern that the oil sector are in fall since 2003. Their low level was observed in 2005, one year animated with the current of which tensions appeared between Chad and its partners. Since 2006 noted a light increase to be put on the discovery of new fields (Nyala and Moundouli).

In spite of this important financial flow, the growth is still below hopes dryness by the era oil. That can be put on deficiencies structural blocking diversification of the Chadian economic base which pains to optimize the positive repercussions of the oil sector in order to create bonds necessary with the remainder of the economy. In the same way, the programs of structural adjustments applied to Chad for the two last decades within the framework of the programs of adjustment have not contributed to create dynamics profits investment-exports.

## **4. Lesson and recommendations.**

The oil project made it possible at the State to increase its receipts passing of 300 billion FCFA in 2003 to 900 billion in 2008. The project opened opportunities to invest and improve the living conditions of the Chadians, the project to create business appropriateness's for the national operators, the project to create a process of industrialization of

the nation's economy, the project involved the development of economic infrastructures socio-, as well as the improvement of the macro-economic aggregates.

Like any project, the oil project has successes and against success. Thus, we observe on the level of the nation's economy of the weak indicators of human development, exponential increase in corruption, blurs on the level of the attribution of the government contracts, weak diversification of the Chadian economy, increase in the foreign debt, lowers multinational financings of the external partners.

The government in order to constitute a barrier with the reduction of poverty and the economic growth should develop an effective policy of allowance of the resources. For example for sugar and cotton, two vital sectors for the nation's economy, the report is that the share of the receipts of these two sectors narrows more and more in the nation's economy. However these two products represent the frame of the rural economy but employs as more workers as the sector tankers which needs only one hand D works temporary during the phase of construction and after this one few Chadians continue to work, the majority being found unemployed. The government must take care of the optimal use and to allow an efficient management of the oil resources considered as liable to dry up, the government should reinforce the capacities of the priority sectors more in order to return in an optimal way the put resources has their provision, the government should to follow the fight against corruption and to arm the republican institutions of more than consequent power to judge the authors of embezzlement and corruption, to implement consequent mechanisms to make benefit the other sectors from the oil economy the basket, to make a consequent effort of minimization of the sedentary expenditure to the profit of the welfare expenditures.

## ANNEX

Tables of the commitment granted by the CCSRP to the Priority Ministries on the oil resources

(1fcfa= 650 euro)

Priority Ministries	2004	2005	2006	2007	2008
National Education	2 648 204 962	9 532 171 250	6267 977 883	2 460 000 000	8 686 087 850
Public Health	391 520 524	9 374 012 032	3 964 635 646	3 802 375 860	7 100 908 556
social Action	78 172 000	1 038 507 759	1 366 448 057	988 756 967	858 340 463
Agriculture	1 426 011 955	6 650 355 523	17 085 330 318	11 374 493 600	5 560 713 858
Livestock farming	29 830 800	1037 572 543	651 671 044	1 874 200 626	1 940 546 390
Mines and energy		8 146 618 294	5 148 804 220	4 671 976 222	4 603 608 630
Infrastructures	17 332 180 922	32 747 655 677	36 675 759 543	34 849 503 781	72 184 523 695
Post and new technology			21 200 000	398 175 000	18 000 000
Higher Education	2 110 000 000	4 713 750 332	2 919 026 631	2 488 436 978	2 707 539 904
Town and Country Planning	3 343 795 689	2 844 096 608	3 275 765 250	6 039 748 058	2 909 049 429
Oil		240 028 990	266 776 000	150 000 000	196 597 528
fishing, pastoral and envi hydraulics	853 406 361	1 589 815	804 452 180	1 444 500 000	1 572 614 736
Justice					1 573 568 568
Common expenditure		3 000 000 000			
Total	28 213 123 213	83 914 584 667	78 447 846 772	70 542 167 092	109 912 099 607
CCSRP	200 000 000	240 000 000	650 000 000	9 000 000 000	900 000 000
CPGRP	66 500 000	200 000 000	350 000 000	400 000 000	400 000 000
Provision of the debt				979 087 008	
Producing area		4 606 589 000	500 000 000	5 950 000 000	12 778 028 974
Total of the Oil incomes	28 479 623 213	88 961 173 667	79 947 846 772	78 771 254 100	120 212 099 607

Source: CCRSP (College of the Oil incomes)

(1fcfa= 650 euro)

Years	Quantity/ barrel	statistic value
2003	8 584 461	128 148 936 040.39
2004	61 323 306	1214096 787 000.24
2005	63 264 892.2	1 831 560 180 762.98
2006	55 935 771	1 925 929 513 119.68
2007	52 669 030	1 831 352 491 134 .89
2008	46 411 342.4	2 017 458 796 188.34

Source: Ministry of Finances and Budget (General office of the Customs and the Rights indirects)

Years	2003	2004	2005	2006	2007	2008
Average costs of the crude	28	38	57	61	71	97

(1fcfa= 650 euro)

Source: Ministry of Finances and Budget (General office of the Customs and the Rights indirects)

## 5. Conclusion.

The discovery of oil was accommodated by feelings of joys and hope. The oil project was presented by the World Bank like a single project in Africa aiming at eradicating poverty.

However one notes a lack of transparency of the mining's. Secondly, the problem of corruption and diversion constitutes a brake with an efficient use of the oil resources. Moreover, the installation of very advantageous tax exemptions benefits more the consortium than in Chad. Lastly, it poses a serious problem on the level of the allowance of the resources, a great imbalance with the center even of the allocation of resources of the priority sectors. Admittedly, the construction of the infrastructures is necessary for economic takeoff but an accent also should be put on the energy sector which is vital with any economic activity.

Any time it is still very early to affirm that the oil project is a failure or a success but the danger to Chad would be that the country is completely depends on the oil revenue. The government may find it beneficial to create a favorable climate with the emergence of new creative industries of beneficial growth for the population.

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