Chad presentation
on oil shocks

Ouagadougou, BURKINA FASO
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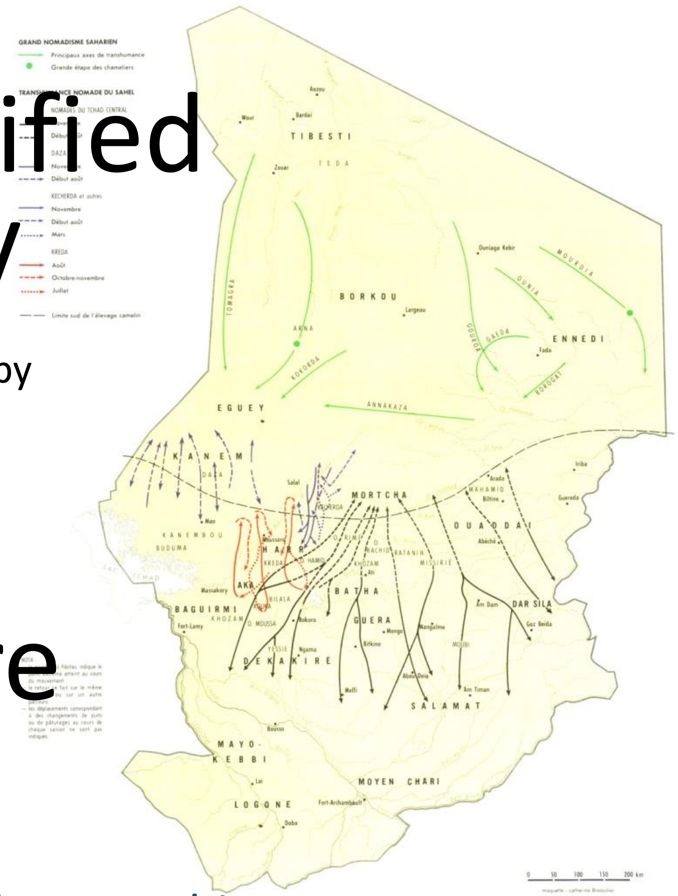
Chad: An oil country since 2003



A little diversified economy

traditionally dominated by

fishing
farming
agriculture

Chad
2nd
Largest world producer of gum arabic

2

Macroeconomic Shocks

Unfortunately, the gradual decline in oil prices in 2014 has resulted in an exogenous shock, which, in addition to the security problems at the borders, has destabilised our economy.

Measures

This phenomena has led the country into an economic crisis. As a result the government has taken a few measures to address the negative impact on the economy and public finances. The government hosted a seminar that resulted in the following 16 recommended budgetary expenditure measures:

- Reduce civil servants' allowances by 50%;
- Audit of state agents;
- Audit of the Integrated Management System for State Agents and Personnel (SIGSAPE) of the Pay Directorate;
- Reduce the state's car fleet;
- Organisational audit of projects and programs;
- Restructuring of regional delegations;
- Reduce the size of the organisational charts of the ministries and Institutions.

In the area of tax policy, the actions concern:

- Updating of the General Tax Code to improve the transparency of taxation and increase productivity;
- Enhanced control, improved recovery and the operationalisation of VAT refunds and control over transactions related to VAT;
- The gradual reduction of tax exemptions;
- Systematic recovery of tax arrears;
- Insertion of the new fiscal provisions on the Finance Law 2017 (for example, the abolition of vehicle and vehicle tax by increasing fuel prices by 50 CFA francs on litres of gasoline and diesel).

Conclusion

Nevertheless, the budgetary challenges remain important for the government, which has to cope with significant costs in terms of salaries, operation, transfer and investment. Its most important resources come from oil revenues, which represent on average 80% of the state budget revenue. At present, non-oil revenues account for only 13% of GDP and at best cover only the wage bill. The low tax burden, which is close to 8%, is lower than the community standard of 18%. However, the last efforts to control and rationalise current expenditure have made it possible to contain the public deficit. An increase in the non-oil tax rate above 9% would consolidate the recovery in public finances.

Thank you for your attention.