



1. Project Data:		Date Posted : 04/20/2001	
PROJ ID: P035623		Appraisal	Actual
Project Name: Capacity Building	Project Costs (US\$M)	10.0	9.02
Country: Chad	Loan/Credit (US\$M)	9.5	9.02
Sector(s): Board: PS - Central government administration (100%)	Cofinancing (US\$M)	0	0
L/C Number: C2818; CP930			
	Board Approval (FY)		96
Partners involved :	Closing Date	06/30/2000	06/30/2000

Prepared by :	Reviewed by :	Group Manager :	Group:
S. Ramachandran	Anwar M. Shah	Ruben Lamdany	OEDCR

2. Project Objectives and Components

a. Objectives
The project was intended to improve Chad's economic management capacity .

b. Components
The project's five components were: (1) increased revenue collection through improvements in the administration (e.g. procedures, staff training etc.) of tax department, (2) rationalization of expenditures, (3) improvement of economic policy formulation, (4) divestiture of SOEs, and (5) civil service reform. The project was not restructured but additional activities were added over its life to help establish four new institutions (oil management unit, cotton reform unit, technical committee for civil service reform and capacity building unit).

c. Comments on Project Cost, Financing and Dates

3. Achievement of Relevant Objectives:
Most of the five objectives were achieved :

(1) Tax revenues rose from 4.9% of (revised) GDP in 1994 to 7.6% in 1998, although the tax base remains narrow .

(2) Expenditures are better controlled, and the fiscal deficit of 5% of GDP in 1994 was narrowed to 0.1% in 1999.

(3) Economic policy is better formulated with the co-ordinating unit ensuring that all agencies implement their action plans. The quality of statistics has improved, but is still inadequate .

(4) Of the 12 public enterprises slated for restructuring, privatization or liquidation, the four largest were delayed . The sugar company was privatized in April 2000, and water & electricity is privately managed since September 2000. While telecom has been split from the postal part, its privatization was jeopardized by its entering into a joint venture with a foreign firm. The oil and soap part has been separated from the rest of the cotton company, but neither part has been privatized yet.

(5) The ICR rated the civil service reform component as unsatisfactory because it is proceeding very slowly . Payroll and employment information has not improved, although the ICR reports on a consensus within the government on the basic principles of the reform.

4. Significant Outcomes/Impacts:
The increased tax collections and lower budget deficit were significant achievements .

5. Significant Shortcomings (including non-compliance with safeguard policies):
The ICR rates the civil service reform component unsatisfactory . Although the government has approved the reform principles, progress has been slow. Even the basic information system of payroll and civil service files has not improved.
The ICR states that while the government's economic management capacity has improved, it remains weak because of the absence of qualified staff and adequate resources .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	

Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Non-evaluable	Contradictory information in the ICR
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

It is better to improve domestic economic management capability early . This was delayed in Chad, and the expected surge of tax revenues from petroleum risks being misspent . External control of expenditures (to prevent misuse) undermines efforts to improve domestic economic management capability .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is satisfactory despite some seemingly contradictory statements that make it difficult to evaluate project sustainability. The ICR states that the "sustainability is likely," but also that "the reform process is fragile."