



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 25-Aug-2020 | Report No: PIDC29628

**BASIC INFORMATION****A. Basic Project Data**

Country Chad	Project ID P174160	Project Name Chad COVID-19 Response DPF (P174160)	Parent Project ID (if any)
Region AFRICA WEST	Estimated Board Date Sep 29, 2020	Practice Area (Lead) Macroeconomics, Trade and Investment	Financing Instrument Development Policy Financing
Borrower(s) Ministère de L'Économie et de la Planification du Développement	Implementing Agency Ministere des Finances et du Budget		

Proposed Development Objective(s)

The proposed development objectives of the Program are to : i) strengthen the quality of health care and social protection; ii) boost economic transformation; and iii) enhance economic governance.

Financing (in US\$, Millions)**SUMMARY**

Total Financing	100.00
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DETAILS

Total World Bank Group Financing	100.00
World Bank Lending	100.00

Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

1. The proposed COVID-19 Response DPF, amounting to US\$100 million, aims to mitigate the impact of the COVID-19 pandemic in Chad. The country is facing a major economic arising from the COVID-19 and oil price shocks. The impact is significant, creating both economic disruptions and financing imbalances that need to be addressed urgently.
2. Chad's track record of development underperformance and limited resilience to shocks have been the object of several reforms attempts. Chad faces enormous endogenous challenges, such as weak governance, low human capital, stark regional disparities in access to basic services, weak social safety nets, pervasive state participation in critical



economic sectors such as ICT, the lack of a vibrant local private sector, and low quality of infrastructure. The country also faces significant exogenous constraints, such as being a drought-prone landlocked territory subject to oil price volatility and insecurity/violent conflicts.¹ The recently concluded Programmatic Economic Recovery and Resilience (ERR) Development Policy Financing (DPF) addressed some of these critical challenges and constraints, which led inter alia to the reduction of ICT wholesale price, the establishment of the oil revenue stabilization account, and the creation of a unified social registry. The combined effect of the COVID-19 pandemic and oil sector slump could severely overshadow these achievements.

3. Up to February 2020, Chad's macroeconomic outlook was broadly positive, but the COVID-19 pandemic has seriously deteriorated the outlook. Growth was expected above 5 percent over the medium term, mainly driven by oil exports. The COVID-19 pandemic and the accompanying oil market slump significantly altered this dynamic. The economy is now expected to contract by 0.8 percent in 2020—that is -3.8 percent in per capita terms—and the poverty rate to increase by nearly 1 percentage point.

Relationship to CPF

4. The program supported by the proposed operation is closely aligned with the first and third focal areas of the Country Partnership Framework (CPF) - FY16-FY20² discussed at the Board on December 10, 2015. The CPF is based on three focal areas: i) strengthening management of public resources; ii) improving returns to agriculture and building value chains; and iii) building human capital and reducing vulnerability. The first and second pillars of this operation are aligned to the third CPF's focal area. The first pillar is also aligned to the first CPF's focal area.

5. The proposed DPF is part of a holistic approach by the World Bank Group (WBG) to help Chad respond to COVID-19 and oil price shocks. The approach includes technical assistance support in assessing the impact of these shocks on the economy. The reforms promoted by this DPF are further leveraged existing projects, such as: i) the COVID-19 Strategic Preparedness and Response Project (P173894) in the health sector, designed to help prevent, detect and respond to the threat posed by COVID-19, and to strengthen national health systems; and ii) the Chad COVID-19 Education Response GPE Project (P174214), which aims to improve access to multi-modal distance learning for all primary, and secondary students with a focus on the most vulnerable. Additional financing is being injected under the Social Safety Nets Project (P172255). The Bank has also restructured the Chad Domestic Resource Mobilization and Management (P164529) to improve performance, processes, and transparency in key government entities for revenue mobilization. The reforms promoted by this DPF are expected to be complemented by the Energy and Fiscal Management programmatic DPF series (P173755) under preparation.

C. Proposed Development Objective(s)

6. The proposed development objectives of the Program are to: i) strengthen the quality of health care and social protection; ii) boost economic transformation; and iii) enhance economic governance.

Key Results

7. With the support of this DPF: i) the Ministry of Health will boost the deployment of additional health workers to address staffing and competency gaps and support equitable access to health services for disadvantaged communities; ii) the Ministry of Economy, Planning, Development and International Cooperation will roll out digital payment for social

¹ According to the SCD update findings under preparation

² Report No. 95277-TD (November 3, 2015).



protection program and expanded its universal social registry to include refugees communities, in an effort to increase efficiency and accountability of its social protection programs; iii) the Ministry of Finance and Budget will set up a partial-risk guarantee fund to support women and youth access to formal labor market and entrepreneurship; iv) the Ministry of Trade will adopt regulatory changes designed to boost cross-border trade in livestock and livestock products; v) the Ministry of Telecommunications will pursue the modernization of the telecom sector through open access to critical ICT infrastructure and increased competitiveness; vi) the Ministry of Finance and Budget will strengthen the existing regulatory framework and institutional arrangements for the financing of expenditures incurred in response to disaster situations; vii) the Ministry of Finance and the Ministry of Economy and Development planning will roll out a new regulatory framework for the effective, sustainable and equitable distribution of public investment; and viii) the Ministry of Finance will adopt and implement a new disclosure policy on debt transparency through the annual publication of statistical bulletin on public debt.

D. Concept Description

8. The proposed COVID-19 Crisis DPF is a US\$100m standalone operation. It is a blend of short-term policy responses to the COVID-19 pandemic and structural reforms designed to strengthen economic recovery. The DPF seeks to i) strengthen the quality of health care and the social protection system with an emphasis on conflict and climate-sensitive areas, ii) boost economic transformation, and iii) strengthen economic governance and fiscal space. This DPF is also an opportunity to reinforce the ongoing debt dialogue and include Performance and Policy Action (PPA) measures that will contribute to the Sustainable Development Finance Policy (SDFP).

9. **Pillar 1: Improving access to and quality of health care and social protection contains two prior actions (PA).** The first supports : i) removing the legal requirement for doctors to seek husband's consent before providing reproductive health care services to women; ii) boosting the response capacity of the health care system by recruiting at least 1600 health care personnel (an increase of 17.5 percent in personnel) and deploying more than half of them to rural areas, conflict affected and climate-sensitive areas; and iii) incentivizing efficiency and a patient-centered culture by adopting performance-based financing of health care facilities. The second supports: i) the institutionalization of e-payments for the delivery of transfers for safety nets programs and ii) expanding the social protection coverage by adding more beneficiaries in the social protection registry.

10. **Pillar 2: Boosting economic transformation contains three PAs.** The first supports the establishment of the regulatory framework to promote women's and youth participation in formal labor market and entrepreneurship. This framework includes i) legislation in support of women and women-owned enterprises access to public procurement; ii) the regulatory framework for the implementation of the Government guarantee mechanism provided for in the Law on the Fund for Young Entrepreneurs including eligibility criteria for women entrepreneurs; and iii) legislation establishing the national chamber of women entrepreneurs. The second supports boosting the cross-border trade in livestock and livestock products through i) the creation of a pooling framework to improve the organization of critical actors; ii) the reduction in the waiting time of livestock at the border; and iii) the harmonization of Chad's regulation with CEMAC regulation on Livestock passport. The third supports the improvement of the competitiveness of the telecom market through open access to infrastructure and increasing the number of operators.

11. **Pillar 3: Improving economic governance and fiscal space contains two PAs.** The first supports the introduction of regulation designed to address the efficiency and transparency of disaster/crisis-related spending, building on the experience of measures recently adopted to support the management of COVID-19 related funds. The second supports the reform of public investment budgeting and management through the adoption of criteria and processes for the selection and oversight of public investment that focus on effectiveness, resilience, sustainability, and regional equity. The Third supports the improvement of debt transparency and management through regular publication of the debt bulleting and strengthened coordination across government entities.



E. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

Poverty and Social Impacts

12. The proposed DPO aims to strengthen the capacity of the GoC to mitigate adverse social and economic impacts associated with the COVID-19 pandemic and help rebuild stronger. The objective of the first two prior actions (PA1 and PA2) is to ensure access to essential services for vulnerable populations. Their successful implementation will: i) increase access to health services to help combat the spread of the pandemic as well as increase social resilience to future crises and ii) reduce geographic disparities across the rural and urban areas and regions. PA3 introduces measures to support women's participation in the economy. PA4, which aims to enhance livestock and livestock products exports, will improve economic diversification. The objective of PA5 is to increase competitiveness in the ICT sector; it will further the government's efforts to promote the gradual uptake of the digital economy in Chad. PA7, which aims to improve project selection and management, will boost public investment efficiency and its equitable distribution.

Environmental, Forests, and Other Natural Resource Aspects

13. Chad has a comprehensive framework to ensure effective mitigation measures of potentially negative impact on the environment, forests, or other natural assets. In addition, the NDP includes a pillar dedicated to environmental protection and adaptation to climate change. However, institutional support is still needed to strengthen the current framework. As per the World Bank Policy on DPF, the Bank assessed whether specific policies supported by the operation are likely to cause significant effects on the country's environment, forests, and other natural resources. Overall, the assessment of potential impacts related to actions supported by the DPF will rely on the existing national legal and regulatory framework and will be monitored and addressed through the national procedures in place in Chad.

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APPROVAL

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