ISTANBUL COMMERCE UNIVERSITY

GRADUATE SCHOOL OF INTERNATIONAL RELATIONS AND AFRICAN STUDIES

DEPARTMENT OF SOCIAL SCIENCE PROGRAMME

THE EFFECTS OF THE RESOURCE CURSE ON ECONOMIC AND SOCIAL DEVELOPMENT OF CHAD: 2014-2018

Master Thesis Dissertation

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T.C. İSTANBUL TİCARET ÜNİVERSİTESİ

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Abstract

The resource curse is an impediment phenomenon to Africa's petro-states economic growth. For this reason, there are very few countries in Africa that have successfully managed their resources and turned them into development. Chad's oil was extracted by the consortium of oil companies- ExxonMobil, Chevron, and Petronas of Malaysia along with the World Bank as the project monitor and financial assistant in 2003. The World Bank and Chadian government agreed that once Chad starts to export oil to international market, the revenues would be used for development, but today empirical result shows that oil production did not improve the people's basic necessities. The country remains one of the poorest countries in the world. This paper aims to critically assess the resource curse in Chad by exploring the effects of the oil on Chad's economic and social development. It reviews the theory of resource curse in which two theoretical factors will be analyzed. In each factor, there are effects that explain the resource curse. The finding indicates that the decline of oil demand in 2016 decreased the country's revenues as the country heavily depended on the export of oil. Many of Chad's investments come from the oil sector and since the investment in oil has been declining, foreign direct investment (FDI) also has fallen sharply. The paper also finds that the oil revenues have permitted the president Idriss Deby to build a strong political elite which created a huge gap between the government and the civil society. The government uses public funding to support the patronage networks, and this scenario has weakened institutions in Chad. The empirical findings have revealed that the oil production has exacerbated the already fragile economy of the country and that the government has no wills of development.

Key Words: Resource Curse, Chad, Oil. patronage politics.

Özet

Kaynak laneti, Afrika'nın petrol devletlerinin ekonomik büyümesi için bir engel fenomendir. Bu nedenle Afrika'da kaynaklarını başarıyla yöneten ve gelişime dönüştüren çok az ülke vardır. Çad'ın petrolü 2003 yılında petrol şirketleri konsorsiyumu -ExxonMobil, Chevron ve Malezya Petronas ile proje monitörü ve mali asistanı olan Dünya Bankası tarafından çıkarıldı. Dünya Bankası ve Çad hükümeti, petrol uluslararası pazara ihraç edilmeye başlandığında, gelirlerin kalkınma için kullanılacağını kabul ettiler, ancak bugün ampirik sonuç, petrol üretiminin insanların temel ihtiyaçlarını iyileştirmediğini gösteriyor. Ülke, dünyanın en fakir ülkelerinden biri olmaya devam ediyor. Bu çalışmanın amacı, Çad'ın ekonomik ve sosyal gelişimi üzerindeki petrolün etkilerini araştırarak Çad'daki kaynak lanetini eleştirel olarak değerlendirmektir. Bu tez iki teorik faktörün analiz edileceği kaynak laneti teorisini incelemiştir. Her bir faktörde, kaynak lanetini açıklayan etmenler vardır. Bulgular, 2016 yılında petrol talebindeki düşüşün ülkenin petrol ihracatına bağlı olması nedeniyle ülke gelirlerini azalttığını göstermektedir. Çad'ın yatırımlarının çoğu petrol sektöründen geliyor ve bu yüzden petrol yatırımları azaldığında, Doğrudan Yabancı Yatırımlar (DYY) da sert bir düşüş göstermiştir. Ayrıca tez, petrol gelirlerinin cumhurbaşkanı Idriss Deby'nin hükümet ile sivil toplum arasında büyük bir boşluk yaratan güçlü bir siyasi elit oluşturmasına izin verdiğini de gösteriyor. Hükümet, patronaj ağını desteklemek için kamu kaynaklarından yararlanıyor ve bu senaryo Çad'daki kurumları zayıflatmıştır. Ampirik bulgular, petrol üretiminin ülkenin halihazırda kırılgan ekonomisini daha da kötüleştirdiğini ve hükümetin kalkınma iradesi olmadığını ortaya koymuştur.

Anahtar Kelimeleri: Kaynak laneti, Çad, Patronaj politikası

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List of Abbreviations

AU	African Union
ANS	Agence National de Securite
CCPP	Chad-Cameroon Pipeline Project
CAR	Central African Republic
CCSRP	College de controle et de surveiilance des resource petrolieres
FGF	Future Generations Fund
FUC	Front Uni pour le Changement
GDP	Gross Domestic Product
ISI	Import-substituting industrialization
IMF	International Monetary Fund
IFC	International Finance Corporation
MNJTF	Multinational Joint Task Force
MDJT	Movement pour Democratie et Justice en Tchad
MPS	Movement Patriotic du Salut
RMP	Revenue Management Plan
RAFD	Rassemblement des Forces Démocratiques
SSA	Sub-Saharan African
TI	Transparency International
TI CPI	Transparency International Corruption Perception Index
UK	The United Kingdom
UFDD	Union des Forces pour la Démocratie et le Développement
US	United State
WBG	World Bank Group
p. (pp)	page (pages)
Vol.	Volume
b/p	barrels per day
p/b	price per barrel
MC	Multinational Corporation

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INTRODUCTION

The term resource curse was introduced by Richard M Auty (1993). He used it in his early studies that countries rich in natural resources tend to experience bad economic performances, due to their heavy dependence on exporting natural resources. Since then, the resource curse theory has been widely used by many scholars in the field of social sciences, including Andrew Warner and Jeffrey Sachs (1997, 2001), Philip Lane and Aaron Tornell (1999), Paul Collier (2007) and Nickola Kojucharov (2007) and many others (Sachs & Warner 2001, pp. 827).

Resource exporting countries such as oil and diamond have seen tremendous of resource-revenues, but they end up experiencing poor economic growth and negative political and social outcomes. For example, countries like Nigeria, Libya, Gabon, Sudan, Angola, and Chad are blessed by natural resources and have seen a large number of revenues, but these countries ended up suffering serious economic and social problems and their resource wealth did not help to boost their economies, instead has exacerbated their problems (Kojucharov 2007).

This thesis reviews the theory of resource curse used by economists and political scientists as the resource curse. The theory includes two factors to explain the resource curse namely the economic and political factors, and under each factor, there are theoretical arguments to explain the negative impacts of the resource curse. Under the economic mechanism, one can argue about the Dutch disease, resource volatility in the international markets, and the poor economic linkages between resource and nonresource sectors (Ross 1999). As for political aspects that explain the resource curse, one can mention the rentier state and the role of institutions, lack of democracy, and the increase of military spending and civil war, (Villumsen, 2010, as cited in Collier, 2007; Kojucharov, 2007; Pegg, 2006;).

This thesis examines the resource curse in Chad while applying the same characteristic that is explained by the theory of resource curse. To find out the cause of Chad could not avoid the resources curse and to examine the negative impacts caused by this phenomenon on Chad's economic development, this thesis poses the following question: what the effects of the resource curse on Chad's economic and social development are?

This study finds that oil has not improved people's basic necessities in Chad. The country remains one of the poorest countries in the world. According to the United Nation Development Program (2015), Chad is 185 out of 188 countries in the Human Development Index, and it is the second malnourished nation in the world with 4.4 million people, making a third of the population in Chad today. 60.5% of the population is under the poverty line with $2 per day. People in rural areas are more affected. The 72% of the population living in rural areas are below the poverty line and 80% of Chadian population are farmers and herder whose activities affected deeply by the recent economic crisis (BTI 2016). According to the World Bank (2017) report, the poverty rate in Chad is expected to rise to 39.8% in 2019. Infrastructure, energy, and health services are very poor. Civil servants went to numbers of strikes because of their salaries were not being paid. Schools and hospitals were closed for almost 5 months in 2017 and 4 months in 2018.

This thesis will look deeper into the government of Chad which is based on patronage politics networks system that led the country to economic stagnation and social crisis. In this context, this thesis states that the president uses the state revenues to expand his cabinet appointment through his patronage network based on regional and ethnic groups in Chad. For this reason, all institutions are weak, thus, there is no proper check and balance. (R. Arriola, 2009).

The rentier economy in Chad has helped the president Idriss Deby to build a strong political empire which created a huge gap between the government and the population, as the government is free of accountability to the people. On top of all, the government of Idriss Deby, which is based on patron-client's relationships, has the full control of the state revenues, and state institutions and opposition parties are weak. Given these circumstances, the rent-seeking individuals that are close to the government support the system. Any attempt to revolt against the system is likely to lead to conflict because the ethnic-patronage elite who have self-benefits from such system would not let any political faction to arise against the government. The distributions of state revenues are unfairly distributed as only a tiny group of people get access to the oil revenues (Winters and Gould 2011).

This thesis contains five sections and the structure of thesis will be presented as follows. In the first section, this paper will describe the statement of study followed by limitation, aim of

the research, the objective of the research and in the last part of section one, the thesis will describe the methodological approach used in the analysis. In section two, the thesis will cover the review in the light of the resource curse. This section aims to argue the economic and political factors behind the resource curse as the causal mechanism theory. To be more specific, section 3 will analyze the oil curse in Chad with reference to the political factors of the resource curse theory. But before the analysis, this section will argue why oil is important for Chad. This thesis seeks to look deep into the political factors to analyze the oil curse in Chad, furthermore on why this thesis believes that political aspects explain the resource curse in Chad will be explained in the limitation part in section one. In section four, the thesis will show the results of the effects of the resource curse on Chad's economic development using recent economic indicators of Chadian economic development. In the final section, the thesis will discuss how the resource curse would have been avoided if the government implemented the same strategies of other countries which are rich in natural resources, but they have used their resources for development purposes successfully. The thesis will conclude by recommending to the Chadian government the same approaches as Botswana government has implemented to avoid the resource curse.

1.0 The Statement of the Study

Before the production of oil, Chad's main economic activities were agriculture and livestock. Even though the data shows that the GDP per capita which was $220 in 2001/2002 rise to $1,024, the macroeconomy of the country was far better before Chad started to export oil (World Bank, 2017). The government received a significant amount of oil-revenues for the first time when the oil reached the international market in 2003. But, unfortunately the outcome was disappointments, the government did not have any will to use the resource revenues to end poverty, and improve health and education system. The president even broke the agreement that was set between the government and the World Bank (WB), along with the three consortium oil companies that the government should use the revenues for development purposes. Idriss Deby, however, was only interested in strengthening internal security via repression to control people. The management of the state's resource is politicized; the president alone had full control over the state's revenues. There was lack of transparency between the government and the civil society toward the revenues. The distribution of the revenues was unfairly distributed. Only the

ruling clan and the president's entourage had the privileges of accessing the state revenues. The Chadian government invested massively in military equipment by using the oil revenues, even though it was aware of the country's problems. That deepened the dependency on oil exports and the poor management towards the oil revenues led the country to worse economic and social crisis. The challenges of economic recession made the government to implement austerity program in which 50 percent of civil servant salaries were reduced and that heavily affected the incomes of the civilians. The production of oil has obviously exacerbated the economics of the country; it caused serious problems in the two main sectors of the country beside oil, the livestock and agriculture sectors. According to the United Nation Development Program in 2015, Chad was 185 out of 188 countries in the Human Development Index.

1.1 Limitation

To limit the theoretical analysis, this thesis seeks not to cover all the independent variables that explain the resource curse. It focuses more on the political mechanism, to study the relationship between the government and the failure of Chad's oil production. The theoretical aspects under the political factors that this thesis studies are the patronage politics-which the theory of the resource curse has failed to explain fully in works of literature, the lack of institutions, authoritarian regime, military expenditure and civil war. Both economic and political factors have links with the oil curse in Cha, but the impacts of political factors are greater and have enabled the curse to sustain. If you look at the economic factors as suggested by the theory of resource curse, factors such as the Dutch Disease and the linkage between resource and non-resource sectors do not directly affect the Chadian economy. First of all, Chad's currency is pegged to Euro which makes the likelihood of real exchange rate appreciation very less, and also the WB made an arrangement in which all oil revenues must be directly transferred in Citibank in London before coming in the hand of Chadian government (Eriksson& Hagströmer 2005; and Kojuchraov 2007). Second of all, Chad is not an industrial country, as the government has always given importance to the oil sector. Therefore, the manufacturing sector's growth has been very slow.(BTI 2016).

1.2 Aim of the Research

To investigate to what extent the existence of the resource curse has impacted the Chadian's economy and society by examining the 5 major aspects that cause the aftermath (the patronage politics and the role of intuitions, lack of democracy, military expenditure and civil war). To explore the political arena in Chad and its impacts on the country's economy that cause the resource curse. To tell the audience that when a country's regime is based on patronage politics, the effects of resource trap are greater and more perpetual.

1.3 Objective of the Research

To analyze the theory of the resource curse, by looking deeply into the political aspects of the resource curse that cause an economic recession for Chad

1.4 Methodology

The methodology of this thesis goes as follows; first, it argues the theory of the resource curse, second, it seeks to shed light on the causes of the resource curse in Chad. There are numbers of studies that analyze the theory of resource curse, and the empirical results show that the effects are explained more by the economic mechanism as a factor that leads a country to the resource curse. This thesis, however, aims to look deeper at political factors in order to provide an answer to the research question

This is an exploratory case study of the resource curse in Chad, and its impacts on social and economic development. Thus, this thesis intends to examine the causal mechanisms of the resource curse, soon after the extraction of the oil, the Chadian macro economy seemed improved as many Chadian expected it due to the boom of oil production; the GDP increased, the employment rate jumped, especially in the areas where the oil has been produced. However, it did not last for long, as after years of oil boom the oil has exacerbated the already existed problems in the country.

1.5 Data method

The data applied in this thesis is secondary data. The empirical finding relies on books, academic articles, including dissertation papers that are specifically written on why Chad has failed to develop its oil production, reports from Non-Governmental organizations (NGOs) and WB are also included. As far as the resource curse in Chad is concerned, the articles that are used in this research, are specifically written on Chad's natural resource trap, there had been numbers of studies on the failure of the Chad oil production. This thesis also uses WB, International Monetary Fund (IMF), and NGOs reports on the impacts of resource curse in Chad. The data used is qualitative descriptive and analytical reports and articles.

This thesis uses a deductive method to answer the research questions. It uses a deductive method because it applies an already built theory to analyze the fact that Chad has failed to avoid the resource curse. The theory of the resource curse is an already built theory. It was developed by Richard M Auty (1993). Since then, it has been used by various academic writers such as, Andrew Warner and Jeffrey Sachs (1997, 2001), Philip Lane and Aaron Tornell (1999), Paul Collier (2007) and Nickola Kojucharov (2007) and many others (Sachs & Warner 2001, pp. 827). The thesis seeks to add a further explanation of why the resource curse occurred in Chad. As it already discussed above in the limitation part, the thesis seeks to focus on the political factors more than economic ones. Although the economic factors have been explaining this phenomenon constantly, in the case of Chad, political factor needs to be more explained in order to see the manifestation of the resource curse in Chad. This thesis examines the undergoing fact that the Chadian government is a patron network based regime that led to negative economic growth and social crisis for Chad. As a result, the literature failed to demonstrate that the patronage system has greater negative impacts on Chad's economic development.

2.0 Literature Review

2.1 The Natural Resource Curse

Resource-rich countries are always likely to suffer from the so-called resource curse. Due to this fact, the countries where natural resource are abundant could not avoid this phenomenon. Primary factors that lead these countries to experience the resource curse including the dependence on exports of the primary commodities. The export of primary commodities affects the other sectors, such as manufacturing and agriculture not to develop. The term of the resource curse was first introduced by Richard M Auty (1993). He used it in his early studies, in which he argued that countries rich in natural resources tend to experience bad economic performances, due to their heavy dependence on exporting natural resources. Since then, the resource curse theory has been widely used by many scholars in the field of social sciences, among them, Andrew Warner and Jeffrey Sachs (1997, 2001), Philip Lane and Aaron Tornell (1999), Paul Collier (2007) and Nickola Kojucharov (2007) and many others (Sachs & Warner 2001, pp. 827).

It still debatable whether natural resources are effective enough to make changes in country's economic development. Sachs &Wanrer (2011) claim that empirical results show that in many cases natural resources-rich countries are prone to experience the resource curse. They argued that countries like Nigeria, Sudan, Venezuela, Libya and the Arab Gulf states are resource- abundant, but when their economic performances are examined closely, there is hardly economic development.

Pegg (2006), on the other hand, seems not to agree with the argument of Sachs and Warner (2011). He states that 'the empirical support for this phenomenon is not bulletproof but it is quite strong'. He claims that while the curse of natural resources is a global phenomenon, its negative impacts are more severe in Sub-Saharan African oil states. He gives examples of several African resource-rich countries where they have seen only economic stagnation and political struggles due to the negative effects caused by the curse of natural resources. It talks about the Angolan civil war which lasted for years and in which many civilians have lost their lives; the ongoing massive corruption in Chad; Equatorial Guinea, the case of Delta force in Niger-Nigeria, not to mention the ongoing civil war in South Sudan.

Collier (2007) explains that when a country is rich in natural resources and intends only to export primary resources, this could easily affect the other sectors of the country, for instance, manufacturing and agriculture sectors. As the resource exports support the country's currency to compete against other's countries' currencies, especially the resource consumer ones. As such, the country's other sectors will not able to compete in the international market and thus, their products will end up declining.

According to Kojuchrov (2007), there are countless countries around the world which suffer from this phenomenon. Accordingly, countries exporting natural resources, such as oil and diamonds, might enjoy the resource revenues for short times, but it does not mean this would enhance the country's economy. On the contrary, such states have always experienced fragile economies as long as the natural resource revenues are overbuilt more than the other sectors. In his analysis, he explores that sub-Saharan Africa's rich oil countries are more affected by the resource curse. He mentions that Nigeria has been influenced heavily by oil exports throughout its history, and even though, the country earns $350 billion in 30 years plus with 34% increase, the people live on less than $1 a day. According to him, oil exploitation in countries like Angola, Gabon, and Sudan have led to civil wars and corruption (Kojuchrov 2007).

Shaxson (2004) seems to share Kojuchrov's ideas., He argues that the natural resources dependent countries have not just failed to use their resources for national development but they have been affected negatively. In his study, he focuses on sub-Saharan African Countries (SSA). He claims that these countries were not just able to develop their economies, but they are at high risk of experiencing civil wars, inequality, lack of democracy and corruption. Shaxson seeks to illustrate that states which currently undergoing problems that are caused by the curse are even poorer before the extraction of their oils. For example, in the case of Chad, the country's economy was weak before the extraction of the oil in 2003. The main country's revenues were from agriculture and livestock, the latter has been declining due to the threat posed by Boko Haram at borders and even though 80% of Chadian population were farmers, but the agriculture sector is poor as there is lack of raining. But after the discovery of the oil, everything has changed. The oil production has even exacerbated the problems of the country, as it causes serious problems, such as inequality, poverty, food insecurity and corruption.

Collier (2007) categorizes these courtiers as a third group of resource-rich countries and labels them the societies of the bottom billion. They are rich in natural resources, but the resources are curse due to their economies are so small and they mostly dependent on resource revenues. The governments are not able to help the society to earn a fair income from the resource revenues. This causes poverty and inequality. Collier states that "about 29 percent of the people in the bottom billion live in countries in which resource wealth dominates the economy" (Paul 2007, 39-40).

2.2 What Explains the Natural Resource Curse?

In this section, I will discuss the causes of why most the resource-rich countries are economically and socially very weak despite their governments that get a massive amount of revenues. Accordingly, factors causing resource curse can be divided into two: economic and political. The economic mechanism explains the relationship between the country's economy and the curse.

2.3 Economic Factors

Dutch Disease occurs in the states where there is a boom of natural resources, especially when governments focus on the enhancement of the resources sector by only exporting them, and this causes the country's currency to rise in value against other currencies because of the inflow of foreign exchange into the country. This makes the country's other sector fragile to compete in markets (Collier 2007). This phenomenon has negative impacts on other sectors such as agriculture and manufacturing exports to compete on international markets because of the boom of natural sector such as oil and natural gas (Smith 2004).

Kojucharov (2007) emphasizes that the closest factor that links the economic mechanism with the curse of the natural resource is the 'Dutch Disease' which refers to a country which is a natural resource abundant experiences a boom by exporting its primary resources, (such as oil). In return, the country gets a massive amount of revenues which causes people to earn higher incomes and in this case, there is a high demand for local goods and services. Due to this fact, demands of local products increase, and thus prices in the local market raise up. In this context, the government does not distribute the resource revenues fairly: people who do not belong to the

government's political elite struggle with high living cost. As such, local products are likely to be more expensive in the local market (Kojuchrov 2007). The differences in the price between local products and foreign products can lead to a currency appreciation, as the economists refer to the real exchange rate appreciation. This might cause harms to domestic exporters to compete in international markets. However, due to huge inflow in foreign currency from the booming sector, the exporter countries currency would appreciate against other countries' currencies. As the result products from other sectors become relatively cheaper in other countries while within the countries where natural resources are booming products become relatively expensive and therefore manufacturing sector become uncompetitive.

Large resource revenues countries (oil exporters) are likely to experience the effects of the resources volatility that cause budget deficit problems. The resources volatility refers to the instability of resources prices in international markets, for instance, the oil's price is more volatile than any natural resource. This means that the price of oil is unstable and it can be shocking in any time and therefore, governments which are dependent on such revenues might find very difficult to manage the country's budgets, especially long-term budgets (Kojuchrov 2007). This factor has been proven by many studies that it is a sensitive issue and most of the oil-dependent states have been experiencing it. Thus, the governments should manage their resource revenues wisely during the boom period otherwise they are likely to suffer economic stagnation during the bust period. For instance, the recent economic crisis in Chad is a good example to illustrate this problem. Since 2014, the oil's price started shrinking, Chad's economy has been a disaster: many people lost their jobs, there is barely sufficient income among the population due to the government's austerity measures. Studies reveal that governments spend a significant amount of money on national budgets during the boom periods of resources, but it is very challenging to cut the same public spending during the bust. This makes very difficult for governments to maintain a long time budgetary system as the price of the commodities is dropping. As such, countries that depend on exporting natural resources are unlikely to avoid budget deficits (Kojucharov 2007).

Collier (2007) argues that the dropping of price in commodities has not been the only problem. He criticizes the governments that tend to make mistakes during the boom period, by borrowing an insane amount of money and spending on unnecessary projects that lead to

corruption. A government which borrows heavily and spends on projects that are not necessary, just cause harm to the country's economic growth. As these projects encourage corruption during the period of the resource boom. Interestingly enough, these type of governments borrow money on the assumption that they will be able to pay back as long as they maintain exporting their commodities, but the outcome is just an increase in debts.

Many resource-rich countries rely on foreign debts from international actors. The International Financial institutions such as International Monetary Fund (IMF) and the World Bank Group (WBG) lend money to countries that depend on natural resources which these institutions refer to as financial assistance. A study claims that lending money basically does not help these vulnerable economic countries. Instead, it creates global problems, such as, corruption, and a large number of debts as the result, it ends up causing less economic growth. The same study argues that the Transparency International (TI) has failed to report the international corruption that happens between the multinational corporations (MC) such as the giant oil companies (ExxonMobil, Chevron, Royal Dutch Shell and Elf). These (MC) are backed by IMF and the WB. Instead, the TI just addresses the issues of corruption that accuse only the governments in countries that export natural resources (Shaxson 2007). The study opposes the fact that countries like the United State (US), the United Kingdome (UK) and Switzerland and other tax havens are ranked as the cleanest countries by Transparency International Corruption Perception Index (TI CPI). For instance, the 2006 TI ranks Switzerland as the cleanest countries in the world, but the study reckons that there is something wrong with TI's analysis. Accordingly, these countries are only serving their corporations to find ways to seek for investments in resource-rich countries by any means, being it corruption, lending money or overthrowing governments. (Shaxson 2007). There is another study that examines why many of the resource-rich-countries end up with a large amount of debt, it reveals that it is because of the large revenues that flow in the countries. The revenues of the commodities are badly managed and the governments seek to increase the public spending during the boom period. But during the bust period, governments do not wish to reduce the budget cut; they tend to maintain the same public spending in order to avoid budget deficit, and in this case, the foreign debt keep increasing as governments maintain borrowing and being irrational about the revenues of resource, believing that they will clear their debts when the prices of the commodities increase (Villumsen 2010).

2.4 Political Factors

2.4.1 Mismanagement of Fiscal Revenues

The political factors underline the bad governance that mismanages fiscal revenues resulting in serious problems, such as economic recession, lack of democracy, corruption, civil conflicts, poverty etc. Kojucchrov also sheds light on the government's behaviors toward the resource curse. He argues that state governments play major roles when they are dealing with the state's revenues. In the academic term, this factor is called behavioral mechanism or political mechanism; the government expands the revenues of the state unwisely. It spends money on unnecessary projects that help neither the citizens nor the country, instead, it causes corruptions. Such useless investments usually are invested in infrastructures, such as roads or governmental buildings. The question is why the government wastes the state revenues in unnecessary projects? The government expects approval from its citizens on the assumption that it enhances the country's infrastructure and promotes development, but in most of the case, this scenario does not work due to a high level of corruption. The government ends up borrowing money from international donors (Kojuchrov 2007).

Collier (2007), shares the same ideas with Kojuchrov on the behavioral mechanism, as well. For him, institutions really matter. He argues that in a country where there are weak institutions the government always take advantages of the citizens for not distributing the public resources efficiently. Collier explains that in most of the resource-rich countries there is lack of democracy. The countries in the Middle East, almost all of which are rich in natural resources are governed by authoritarian regimes. He found out in his study that the governments in resource-rich countries are investing in the wrong projects while investment is the key for the economy's development. the governments as do not have the desire to implement democracy, they tend to misuse the public funds by making bad investments. Collier labels these countries by arguing "resource-rich democracies underinvest" (Paul 2007, 43-44). Another study reveals in many resource-rich countries, a powerful group of individuals within the political elite, such as ministries, regional governors or city mayor, tend to compete for the share of state's resource revenues. They seek to have access to the public spending by creating unnecessary projects that

would only benefit their department or enriching themselves, but not the ordinary people. Thus such projects only increase corruptions (Venables, 2016, as cited in Velasco 1999; Tornell and Lane 1999).

Villumsen (2010) in her Master's thesis explores the question of why the project of Chad-Cameroon failed to impress the Work Bank. The project was about the extraction of Chadian's oil resource, building 1070 km pipeline from Southern Chad to the Atlantic coast of Cameroon, as Chad is a Lockland country, Cameroon port was necessary to export Chad's oil to international markets. This project was financed by the WB, ExxonMobil, Malaysia's Petronas and Chevron. The objective of this project was to change Chadian government policy toward the oil revenues. Chad government was expected to use the revenues to end poverty, improve health care system and build schools. But neither of these happened before the World Bank withdrew from the project. To go back to Villumsen's finding why the project has failed, she claims that it was Chad's weak intuitions and the lack of understanding of the project by the World Bank. Some of her findings match with Kojuchrov's arguments, as they both agree that the mismanagement of resource revenues could lead a country to experience the resource curse.

2.4.2 Rentier State

The theory of rentier state refers to governments that only seek to use the resource revenues for their advantages and tend to ignore domestic problems, such as economic recession and social struggle. The government does not restrict its people to pay domestic taxes, it just relies on the resource revenues and international aids (Pegg 2006.) The rentier state encourages the government not to be too rational about the future of the resource revenues and thereby harms the economy of the country, by causing corruption, bad governance and it evolves the patronage politics. Peeg (2006 as cited in Ross 2004) however emphasizes that when governments tend to receive many of their revenues from external sources, (resource revenues or international aids) they have no need to ask their people to pay domestic taxes. This makes them free from fiscal transparency and less accountable to their people. The rentier state in resource-rich countries implies leaders that are not responsible for domestic issues that normally demanded by taxpayers. thus, they do not have to represent their people as they do not impose any restriction on tax payments. As a result, leaders have full control of the national incomes with no agenda of state development. These effects cause weak state-society that are not able to

question the government on any decision that takes it. As leaders from rentier state societies invest in unnecessary projects during the boom of their resources which only produce corruption (Smith 2004).

On the other hand, Ross (1999) thinks that the resource revenues motivate governments in resource-rich countries to seek for rentier state while, in the meantime the rent seekers support such idea, because in a such environment, corruption and rent seeking behaviors would be inevitable. Ross argues that the role of politics in resource curse can be divided into three theories. The first one is cognitive theories which describe the failure of policy. The idea suggests that the massive revenues of resources motivate governments to mislead the management of revenues without considering the outcomes of their actions. In this context, the natural resource abundant makes people greedy due to large rentier from resources. Businessmen seek to get rich quicker since they know there is easy money coming into the country and they tend to enrich themselves through any means (Ross 1999 as cited in Nurske and Watkins 1960). The second theory is the social theory which suggests that the non-state actors such as interest groups have a negative influence over the resource revenues. They seek for self-enrichment and do not prefer economic growth for the country. Ross also explains why in the 1970s and 1980s the resource-rich countries in Latin America are economically backward while the countries in East Asia that are poor in resources have enjoyed economic growth. Accordingly, these countries such as South Korea, and Taiwan moved away from import-substituting industrialization (ISI) and focused on export strategies while the Latin American governments continued with ISI and failed to take the advantage of using natural resources to diversify their economies due to the rent-seeking behavior of the non-state actors. These actors are capable of controlling the state's policy for their favors. The third and the last theory under the political factors that explains the resource curse is the state-centered explanations which are hybrid using all the theories that are agued above to explain how the resource rent is pernicious to economic development (Ross 1999).

2.4.3 Malfunctioning of Democracy

As regards the resource rents affect democracy; Collier in his own words mentions that "the heart of the resource curse is that resource rents make democracy malfunction" (Collie 2007 pp.42). He suggests that democracy is underperformed in the natural resources-rich countries by

proposing a law called "the jungle of electoral competition"- societies whose countries export oil are more likely to be ruled by authoritarian regimes; they embezzle the public funds to support their parties to win elections.

Collier & Hoeffler (2007) examine the performance of the institutions how they interact with resource rents. They statistically examine the revenues of natural resources country by country, and they found that the rents on primary commodities are important to political institutions. For example, revenues on USD 1 million of oil exports is greater than the revenues on $ 1 million of coffee exports, thus, the costs of oil's production are much lower. The two authors also tested the rents of onshore oil and offshore location production and they found that the revenues which coming from onshore have a larger surplus than the offshore (Collier 2007).

Base on their assessment, obviously, oil's surpluses is greater. This raises the question why these surpluses do not improve economic growth, instead, they are just sort of resources that help to outgrow autocracy regimes. To answer this question, the two authors examine both the revenues of resources and the political institutions of each country and the result was revenues from natural resources help politicians to overcome the pressures generated by electoral competition. Politicians in resource exporting countries misuse the resource revenues whenever they get chance to interact with resource rents. They accumulate wealth not just spending too much on unnecessary projects which do not boost their economies, they spend on wrong projects when elections are approaching. Governments distribute lavish projects to their patron elites who later bring clients helping them to win elections. These type of investment do not boost economies to grow, but instead, it causes corruption, it encourages the government to sustain the patronage network to grow. (Collier 2007).

2.4.4 Politics of Patronage

Leaders in many resource abundant countries end up being authoritarian regimes and they tend to hold onto power without any balance and check. In many African countries, leaders practice the expansion of patronage coalition in order to avoid political instability (Arriola 2009). The politics of patronage can be explained by drawing two analytics. The first is governments use this strategy of the patron-client relationship to avoid political crisis such as coup d'etat and

civil war, and the second one is during the electoral competitions political parties use public funds to bribe voters through patron-client's relationship (Collier 2007& Arriola 2009).

Numerous studies show that many leaders in oil-rich countries in Africa tend to purchase people's supports by distributing state's wealth in order to create a great political empire without any major political faction. Arriola (2009) argues that these leaders expand their cabinet through the appointment of patrons in key positions in the government. Politicians use this strategy to avoid political crisis and the risk of being overthrown and at the end of the day this strategy makes them "the big man rules". Patrons and leaders have bounded relationship since both parties have their own interest- leaders can hold onto power without any challenges from political faction, and patron holds a high position in the cabinet. This gives them privilege over the ordinary people who are desperately seeking for jobs. Patron is capable of offering resources to his or her client, and in return, clients must be loyal to their patrons-supporting the ruling party in any circumstance (Arriola 2009).

Collier (2007) on the other hand reveals that the governments of societies of the bottom billion (Africa's natural resource abundant countries) bribe voters during the electoral competition. Collier suggests that although patronage politics is more expensive than supplying the public service as a strategy for winning elections, leaders do not hesitate supply private patronage as their strategies to expand a patron coalition. He claims that this is because many countries in Africa are ethnically diverse and also their democracies malfunction. In this context, it is very hard for the resource revenues to be well managed. Therefore, the distributions of the resource wealth only go to the ruling party's family and its entourage. Collier reveals that funding patron's client is very complex and large sum of money needs to be feasible. But governments have made it happen by breaking all the rules, mismanaging the resource revenues, embezzling public funds out of the budget, and through repression of the people.

2.4.5 Civil War and Increased Military Spending

It is important for this thesis to include this issue, as Chad has experienced a number of internal and external conflicts since the current Chadian president came to power. This thesis will elaborate more on these conflicts and military spending in the analysis. But first, it will argue to what extent the revenues of natural resources can cause civil war and other armed

conflicts in natural resources abundant countries. Like any another factor that explains the resource curse, this issue attracts many scholars' attention. It has been discussed by many analysts, mainly by Collier and Hoeffler. they argue that countries that are rich in primary commodities are prone to civil war. There are two causal factors of civil war, namely, greed and grievances.

Thus, Collier (1999) argues that when a country depends on exporting primary commodities, there is a risk of conflict might occur between rebels and the government. The rebellion group is likely motivated by the resources as primary commodities revenues have a significant amount of money, especially when revenues have shares in the country's GDP. In this case, the rebel groups are keen to fight in order to occupy areas that are plenty of natural resources. Their motivation is to collect more wealth from the primary commodities' income. The most important factor that natural resources provide to the rebels is that leaders of rebellion use the resource assets to recruit more young uneducated men into their group while using the narrative of grievance in order to keep conflicts continue. In this context, the conflict might attract international actors' interests to support the rebel leaders who are greedy for wealth. As regards of the grievance, suggests conflict might arise in a society where there is religion and ethnic hatred, majority group which dominates the country's economy and politics, and another group is discriminated from the country's income and power sharing, in this case, civil war is likely to occur. These narratives motivate the group who grieves for their rights to take guns (Collier 1999).

Thus, out of these two motivations of conflicts, Collier and Hoeffler (1999) believe that greed is more prone to civil war in natural resource abundant countries. The economic agenda in natural resource-rich countries is based on exporting primary commodities and a quarter of the national income comes from primary commodities exports, this increases the likelihood of civil war four times greater than a country which does not depend on primary commodities. But since the government does not wish armed conflicts take place when they are in office they obviously want to maintain their power in order to have full control over the country's resources. That is why governments attempt to spend on military equipment. They fund repression in order to hold onto power despite social opposition. Repression is when the government uses public money to spend on domestic security to avoid conflicts and civil wars. (Villumsen 2010).

To summarize this section, the theory of the resource curse can be explained by the political and economic mechanism. Under each mechanism, there are factors behind this phenomenon. The actors behind economic mechanism are Dutch Disease, Volatile Revenues, and Foreign Debts. Volatile revenues explain the curse when the price of commodities drops in the international market, governments in natural resource abundant countries face major problems to cut the public budget. They cannot maintain the same public spending during the boom period and in this case, budget deficit is inevitable. International debt is a major problem for many primary commodities exporters. Experts believe that aids that come from like IMF and WBG do not help these vulnerable economic societies but instead, they just cause corruptions and rent seekers.

According to experts, resource rents cause government in resource-rich countries to adapt dictatorship in their political agendas. This phenomenon has shown its manifestations in many of African-petrostates. Leaders in those countries are not just authoritarian that tend to repress power by manipulating their people, but they also design a strategic scenario that helps them to stay in office longer. They expand their political elite by distributing the state revenues. For these reasons, Collier (1999) argues these that countries are prone to civil war, however, separatist groups or political rebels are likely to be motivated by greed of the wealth that commodities provide and seek for overthrowing the current government.

3.0 Patronage Politics and the Oil Curse in Chad

In this section, I will discuss the analysis of the oil production and its impacts on Chad's economic and social development. It seeks to answer the research question in relation to the theoretical argument discussed above in section 1. But before answering the research question, it is important to discuss the background of oil and its importance for Chad, since oil is the primary natural resource of the country.

3.1 Chad's oil Background

This thesis does not seek to describe the whole "Chad-Cameroon Pipeline Project" (CCPP) in details, as the objective of the paper does not include CCPP. But it is important to describe the project which tells readers how oil production came into existence in Chad.

Oil was discovered in Chad in 1970, Due to its oil reserves, the country has become a hub for many foreign companies seeking for investment. Negotiations between oil companies and the Chadian government took place for extraction, but due to civil wars and other armed groups, the ongoing negotiations were interrupted. A few years later, in 1990, when the current government came to power, another negotiation took place between the consortium of multinational oil companies and the Chadian government in which Exxon Mobil took the lead (IMF 2016). An agreement was reached in 2000 in which three oil companies and the WB as the monitor and financial assistant agreed on a project of building 1,070 km undergrown oil pipeline from Doba in southern Chad to the Atlantic coast of Cameroon near to the city of Kribi to extract the Chadian oil as Chad is a Lockland country and the country lacks seaport. As such, the consortium companies needed to use Cameroon port to export oil to international market, this has made the involvement of the Cameroonian government in the project as well. The consortium companies were Exxon Mobil, Chevron, and Petronas of Malaysia. The project was not finalized until it was approved by the WB later the same year, the project was known as "Chad-Cameroon Pipeline Project" (CCPP) (Eriksson & Hagströmer 2005).

Thus, The CCPP's construction started in 2000 and it cost US$ 4.2 billion. Accordingly, it was the most expensive single private project in SSA (Pegg 2006). The same study mentions that "the oil consortium contributed $ 2.2 billion, commercial banks and export credit agencies

contributed $ 600 million, and capital markets financed $ 400 million" (Pegg 2006 p.7) and the WB paid $ 293 million in loans (Kojucharov 2007).

The consortium oil companies approached the WB for the project not only they needed financial assistance but as a monitor of the project in order to avoid any risk that might spoil the investment. As it was highly risky to invest in a country like Chad which is one of the poorest countries in the world and experienced many civil wars. The WB taking this role as international guarantor hoping that this project would be a commercial benefit for each party that is involved and making sure to avoid the risk of resource curse in Chad (Pegg, 2006; Kojucharov, 2007; & Winters and Gould, 2011).

The WB agreed to finance and monitor the project but under certain conditionalities. Chad's government agreed on these conditionalities since Chad could not afford to finance the project due its geographical position. The WB's aim was to avoid the resource curse and with goals that oil could help Chad to promote a widespread economic development (Winters and Gould 2011).

The conditionalities that the WB imposed including the WB-proposed policy called Revenue Management Plan (RMP), which was established under Revenue Management Law (RML) no 001/ PR/99 and was acknowledged by the Chadian government. Rules under RMP law strict the Chadian government on how to manage the oil revenues and distribute them in order to avoid resource curse, and it requires all the revenues which are earned by the Chadian government must be deposited "in an offshore escrow account with Citibank in London" before the Chadian government can have access to them (Kojucharov 2007 p. 482).

Winters & Gould (2011) also argue that beside the management of oil revenues, one of the WB's goals was to transform a commercial project into a development project, as such, the WB interfere in how the Chadian government manages its resource's revenues.

RMP also established another body, the College de control et de surveillance des resource petrolieres (CCSRP). This body was created as a watchdog and it controls and monitors the oil revenues in a transparent way. Both government and civil society represent this body (Eriksson & Hagströmer 2005). According to CCSRP' rules, it has to be certain that the Chadian government spends the revenues on necessary projects, and the oil revenues must be divided into

direct (royalties and dividends) and indirect revenues (taxes). And they should have been spent as follows; 13% of indirect revenues were for the government expenditure, 80 % of direct revenues were supposed to be used for five major sectors; education, health and social services, rural development, infrastructure, and environment and water resource management. 5% of the revenues go to the producing Doba region, and finally 10% of the revenues go to the Future Generations Fund (FGF) they will be used when the country run out of oil (Pegg, 2006; and Kojucharov, 2007). None of the policies that were designed to avoid the resource curse went as planned. The WB withdrew from the project in 2008, after realizing Idriss Deby refuses to comply to the rules that were set and agreed on between them. Deby used the oil revenues to buy more weapons to stop the rebel groups that were threatening him at that time. Today the CCPP is known as a failed project. Many critics accused the WB of making a big mistake by trying to exploit oil in a country like Chad which was not ready to manage its resources (Winters and Gould 2011).

3.2 The Importance of Oil for Chad

Indicator (table1) shows that oil has had huge positive impacts in a different area on Chad's macroeconomic between 2003 the year oil production began and 2008 the year the WB withdrew from the project. According to Kojucharov (2007) findings, the construction of the pipeline has contributed to the Chadian real GDP. Before the CCPP's operation, Chad's real GDP grew only by 1.6%, but during the construction of the project, it jumped to 10% as the result of the investment on the local products by the oil consortium. When oil production began, the real GDP increased by 33.6% in 2004 which makes the highest growth rate. Oil income has also helped Chad to reduce its external international debt from 50.2% of GDP in 2003 to 20.5% in 2006. After the oil revenues started to contribute to national incomes, the government was able to tackle deficit issue from -47.4% of GDP in 2003 to a surplus of 1.8% in 2006 (Kojucharov 2007)

Table 1.Economic and Financial Indicators for Chad

Indicator	2003	2004	2005	2006/E	2007/P
Real GDP (annual % change)	14.7	33.6	8.6	1.3	-1.2
CPI Inflation (annual % change)	-1.8	-5.4	7.9	7.9	4.0
Current Account Balance (% of GDP)	-47.4	-4.8	1.1	1.8	5.3
External Debt (% of GDP)	50.2	35.0	27.0	20.5	24.1

Source: International Monetary Fund (2007)

The Doba reservoir is believed to provide one billion of barrels to be extracted in a 25 years. However, Figure 1 and 2 shows that in 2004 the oil production was 172,000 barrels per day (b/d), although it was lower than the year before. The following year the production slightly declined but again it increased to 145,000 b/d in 2015.

Figures 1-2 give information on the price of oil per barrel (p/b) in Chad, thus, in 2003 the oil price was near US$ 30 p/b. Chad expected to benefit from the revenues about US$45 to 50 million per year. Then the oil price dropped in 2008, but it did not take long to rise again in 2011 as the Doba oil prices reached $100 p/b. Between the year of 2011-14, the Chadian government enjoyed the revenues of the oil, however, Chad earned US$2billion in 2011 that makes 76% of the government's revenues in that year. But in 2015 the shock in oil price has hit the Chadian economy very hard.

Figure 1 shows the prices fell to US$43 in 2015 this has also reduced revenues to US$200 million, which make 24% of the government revenues (IMF, 2016). More on economic indicators will be shown below in this section (more recent data are not available).

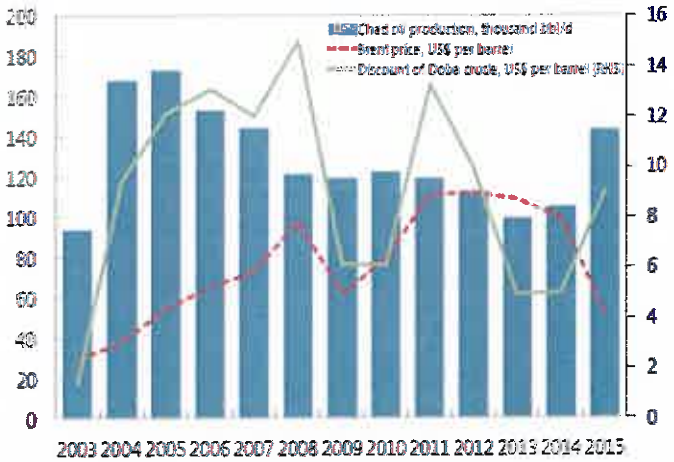


Figure 1.Chad's oil profile, 2003-15

Source: IMF, 2016

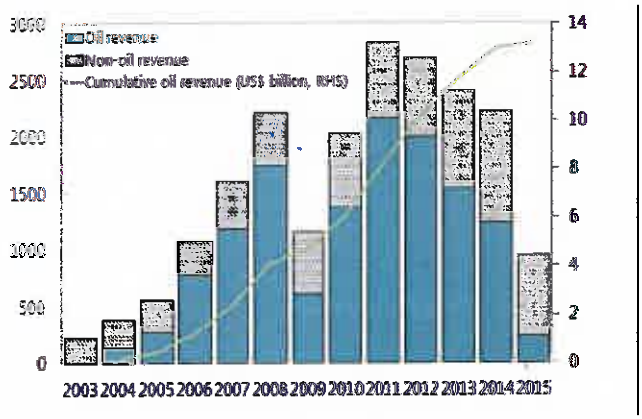


Figure 2.. Chad Oil and Nonrevenues, 2003-15

Source: IMF, 2016

3.3 Argument

The following will argue the effects of oil curse in Chad by looking at the political factors of the resource curse. This thesis states that the political mechanism's effects in Chad has caused the failure of oil production, and this is why they matter more to explain the resource curse in Chad. This phenomenon's impacts are greater and can last longer. Another reason why political

factor matters is that oil revenues have reinforced the so-called the patronage politics in the country; it is a system that helps leaders who are not willing to leave power, and they intend to rule their countries undemocratically while using state revenues to fund people who support their policies and bring them clients to vote for their parties during election time. This scenario has made the president and his political elite – the ministers in the cabinet who support the president's policies and have relationship with clients. The ministers and the president's ethnic clan (Zakhawa- Bidayat) get richer through embezzlement of the public funds

The 76 percent of the Chadian government's revenues come from oil production, and the government has full control of the oil revenues. There is widespread lack of transparency regarding the management of the revenues which led to a massive corruption. The president and his government embezzled the public fund to buy off people to stay in power. Moreover, he expands his cabinet appointing more patrons who support his policies, and in return, he distributes the oil revenues to maintain his relationship with the patrons.

The effect of patronage politics has caused numerous problems to Chadian economic and social development-including the malfunctioning of democracy and internal conflicts. The revenues of the oil have made the Chadian government too powerful, it practices repression power by controlling the state wealth, and supporting the patron-client's relationship. Many Chadian people accused the president of supporting his ethnic patronage elite (the president's clan Zakhawa and his in-laws) who dominate the country's politics and economy, and he deliberately allows his clan to advantage from the oil revenues, however, this has led the country to numerous civil wars that took place between rebel groups and the Chadian government. As a response to these political factions, president Deby did not hesitate to increase spending on weapons to protect his regime. The thesis will explain more on the effects of patronage government in Chad in the following.

3.4 Patronage Politics

Scholars suggests that in many oil-rich African countries, leaders expand patronage coalition by offering them the state's resources revenues to maintain their power, and in return, the patrons buy off clients for their loyalties supporting them to win position in the country's

badly managed economy and politics (Hyden, 2006; Lemarchand & Legg, 1972; and R. Arriola, 2009).

In 1990, Idriss Deby came to power as a democratic leader, and he promised that he would bring democracy to Chadian people. He seized power in a patron-client relationship, particularly through his Zakhawa ethnic group who are loyal to him and to his government. Deby manages to expand this scenario to other ethnic groups as well. Thus, the patronage system is not just practiced among the president's clan but it spread throughout the country, at least in major ethnic groups in Chad; that is including Gourane, Arab, Kanembou, Sarah, Ouaddai and so forth (May & Massey, 2007).

Referring to these authors 'argument, the thesis reveals that Deby has been using the same scenario since he seized power. The Chadian people is a diverse society; there are more than one hundred different ethnic groups in Chad with different dialects, and Chad is separated into 18 regions. In order for the president to expand patronage, he selects one person from a particular ethnic group, and appoints him or her in one of the key positions in the government, let this be a minister or a head in one of the key departments in the country. He usually offers job to those who support him, usually from his own clan (Bidayat) a clan of the Zakhawa community and his wife's relatives in the ministry of finance, in airport and in oil companies. He also uses the strategy of divide and rule; Deby can easily divide family members when he feels threatened by this family. However, he appoints one person from a family to a well-established position in the government. Deby usually appoints one person from a family which do not support his policies as a (Chef de Canton) it is a French term which refers to a community leader, it is practiced in many African French former colonies. The community leader is the highest position in villages where the leaders have the privilege to collect taxes from their community and in return, their duties is to represent their communities. the president's aim is to divide the family so that the level of threat might be minimized.

The patronage system is involved in both businesses and politics of the country; it is an illegal opportunity that the president deliberately offers to them in order to maintain his power. The patronage elites ask their clients (ordinary people) to support Deby's government in exchange for offering jobs or money. Since the people have no choice, they consider these offers from the patron as an opportunity not to miss. The government has been in power for the last 28 years, but the widespread of economic stagnation is all over the country which leads to

unemployment. As such, ordinary people must accept the offers and involve in the illegal activities that cause massive corruption, and if not, they might remain unemployed. Not to mention, the consequences that the clients might face in case if they do not accept the patrons' offer, they are likely of being jailed or killed for that matter. Because they do not belong to their elite (the Itnos and Acyl families) and there is no a strong political faction nor institution that protect the people. (R. Arriola, 2009).

This paper claims that due to the complete absence of strong intuitions Idriss Deby relies on expanding patronage elite by distributing the country's resource revenues in order to maintain his power, he avoids political challenges by recruiting more elites into his patronage coalitions. As Arriola (2009) argues that all African dictators expand their cabinet using many ministerial appointments to the cabinet as a strategy to manage elite-leader relationship (R. Arriola, 2009).

Before the current economic crisis, the cabinet in the Chadian government had 33 ministerial positions. However, due to the economic stagnation, Deby reduced his cabinet to 21 ministerial positions plus six state secretaries. Some of the ministerial positions were useless, as they did not contribute to the country's administration. They were involved in their own network, doing illegal activities, such as embezzlement of public funds in order to minimize the likelihood of the president to be overthrown. For example, in 2011/2012 Deby appointed a comedian actor as the Minister of Artisanal and Cultural Tourism Development. He is called by his audience as Commando Alcanto, and many Chadian believe that he was not even a university graduate, but still he got appointed as one of the ministers in Deby's cabinets.

Why did Deby appoint a comedian as a minister with no political experience? It is because of his support for Movement Patriotic du Salut (MPS)-Idriss Deby's political party. During the campaign of 2011 election in Chad, Alcanto showed his loyalty to the president. He also, sometimes in his shows played characters that tell the audience that Deby is a great president for Chadian people. This example of Alcanto's appointment proves that to be in Deby's government, skills do not matter. In order for one to enrich himself or herself, the person must show their loyalties to his regime by supporting his policies through embezzlement of public fund, corruption and many other illegal activities that go against the civil society. Furthermore, ministers recruit workers according to an ethnic group or through patronage. Politicians and businessmen support each other. The rich parents have to pay a significant amount of money to the ministers. For this, many Chadian believe that every time Deby appoints

one from his political party (MPS) in the cabinet, basically, he appointed him or her in order to enrich themselves by embezzling the public fund before another one will come and do the same thing. Deby is well known for his government reshuffle, there are few ministers in the history of Deby's administration who lasted more than a year while doing the same job- few minister who lasted for long time , people like Moussa Faki the former minister of Foreign Affairs who was a minister for more than a decade, he was appointed the Chairperson of the African Union Commission before he left his previous position, the minister of infrastructure Adoum Youssmi and the current minister of interior Ahmat Bachir. These individuals are loyal to the president, and they have been running the country.

The politics of patronage has weakened democratic institutions and made them depend on the government. In the administrative level, works are done poorly due to lack of independence in the parliament which is controlled by the ruling party. The institution such as CCSRP was established to give voice to civil society about how the oil revenues should be distributed and allow them to involve deeply in the management of the oil so that the effects of the corruption and the relationship between the government and its patrons could be avoided or been less severe. But the CCSRP turned out to be weak and it was no longer effective when the president himself involved by influencing the institution. A study claims that the president's intention was to weaken CCSRP and make it dependent on the central government. By doing so, he sacked the chairman of the Central Bank, and replaced him with his own brother-in-law and made him a member of the CCSRP (Eriksson & Hagströmer 2005).

As it was argued in the previous section, when the governments in resource rich-country are free from being accountable to their population, they have full control over the national incomes with no agenda of state development. They do not ask their people to pay any domestic taxes and in return, people do not expect much from the government (Pegg 2006).

In Chad, before the oil extraction, the Chadian government has always been free of being accountable to its people. The regime has a clan-based system of patronage that any attempt to revolt against the system would end up into conflict because the ethnic-patronage elite who have self-benefit from such system would not let any political faction to arise, they prefer to maintain enriching themselves by violating the rule of law (Winters and Gould 2011).

As far as tax payment's effects are concerned, when a government implements a policy in which people have to contribute to the national incomes by paying taxes, they in return get service from the government, such as security, social welfare, and protection (Kojucharov 2007). In the Chadian context, it is otherwise; Chadian people pay taxes without any of the expectations that are mentioned above. They pay taxes as if they are obligated by the government. They do not expect anything from the government (Bayart 1999). In this context, the Chadian people are certainly unaware of the fact that in case if they have to pay taxes, they get accountability in return. As it is suggested by Bayart (1999), this practice is a colonial legacy. During the colonization, the French used to rule indirectly while collecting wealth in the country. And in return, the French colonizers supported local chiefs and sultans to rule and collect taxes from the population.

Unfortunately, the oil revenues have made democracy in Chad malfunction. Studies show that the governments in an oil-rich country are authoritarian (Collier 2007). Deby promised to implement democracy after seizing power. He allowed multi-political parties and promised free and fair election, but throughout his presidency, this has not been the case. Deby has won all the elections that took place in 1996, 2001,2006, 2012 and recently in 2016 which were controversial, and the opposition boycotted the last three elections due to electoral fraud (Eriksson & Hagströmer 2005, p. 26-27).

Imprisonment and killing of oppositions were common even before Chad became an oil producer country. The constitution allows the freedom of expression, but the crackdown on media is very constant. Newspapers, radios, and televisions that in N'djamena (Capital city) are the biased to the president as they cannot broadcast or write against the president (BTI 2016).

This paper argues that the dominance of government in Chad and its violence against the people was not oil's effects but it was part of Chad's political tradition. As many governments in Africa are rich in oil, unfortunately leaders assume power with no intention of succeeding. Rather, they are motivated by the greed of power and wealth accumulation. In Chad, the current government was built on a clan-patronage network based on the president's clan. They are loyal to the president, and the priorities of the country are not security or social welfare but the protection of the president. The thesis claims that although the malfunctioning of democracy is not caused directly by the oil revenues, it created the patronage system in Chad that caused Deby

to be a dictator leader. The elite group such as the president's clan Zakhawa and other clans which the patrons have their clients, such as, the MPS- is the president political party. As I mentioned above, the president practices the idea of patronage in other ethnic group as well, thus, the ethnics groups, such as, the Ouaddai, the Gourane, the Arab and the Sarah. They support the government and they buy clients to the president that support him during the election. The elite punishes political oppositions that openly come against the government usually give them jail term or illegally execute them- which means Deby's supporter murder their political rivals eventhough it is against the law. They even do not allow the creation of strong institutions which they consider as a threat to their illegal activities, like corrupting and money embezzlement. They prefer a suitable environment that they can freely conduct their illegal activities (Eriksson & Hagströmer 2005).

In term of conflicts effects, this thesis finds that Chad has experienced numbers of internal and regional conflicts. Internal conflicts refer to political conflicts between governments and rebels trying, to oust Idriss Deby. The regional conflicts stand for the regional war that Chad's government voluntary interfere in. First, the paper starts with analyzing the internal conflicts that occurred in Chad.

As Collier argues, conflicts that take place in the third world countries are associated with resource incomes when their national income (GDP) depends on resource revenues. According to him a country only receives income from primary commodities motivates rebel groups to take guns and fight the ruling government, they can be motivated by both greed or grievance, as it argued above, to Collier the motivation of rebels in many cases is economic (Collier and Hoeffler 1999).

In the case of Chad, conflicts and military violence played a major role in the country's history. However, in Chad there has never been a peaceful regime change, all the regimes were overthrown either through military coup d'état or armed conflict. In 1990 the current regime itself seized power in a bloodshed coup d'état with the support of France ousting the nationalist former president Hissein Habre. (May &Massey 2007).

Since then, the president himself struggled with numbers of rebel groups that were fighting to oust him. Some of them were fighting for greed but some of them felt discriminated by Deby's regime. After he assumed power, the number of violence increased, especially after

the oil's extraction, Many Chadian people believe that Deby's ethnic patronage system has dominated the country's politics and economics. They accused Deby of mismanaging the oil revenues, as the president deliberately allowed his relatives to share the oil revenues among themselves that has angered many people including from his own ethnic group and motivated them to fight against him.

The first rebel movement was founded by Younous Togoimi a former minister of defense in 1998. The group's name was "Movement pour Democratie et Justice en Tchad" (MDJT). This group sustained its strength against Deby. There were many military fights against the Chadian Army. Many people thought that MDJT was able to overthrow Deby because they were determined and stronger. But things changed when Chadian oil reached the international market. Deby used the first Chadian's oil revenues to strengthen his military power then the MDJT was weakened when their leader died from wounds during a battle.

After MDJT, another group was established. It was the Union des Forces pour la Démocratie et le Développement (UFDD). This group was led by another former minister of defense. He almost overthrew Deby in 2008 when his party made a coalition with another rebel group the Rassemblement des Forces Démocratiques (RAFD), which was led by the president's nephew Tom Erdimi. The coalition rebel group made a military offensive that pushed back Deby's army untill they have reached the capital city of Chad. But Deby again survived the attack with help of French's troops based in Chad. Then there was a third major rebel group which caused many trouble to the government. Several fights took place in which many soldiers from both sides lost their lives. This group was supported by Sudan. Mahamat Nour Abdelkerim was the leader of the group. In April 2006, this group attacked the capital city of Chad, and the battle lasted for 2 days in which many civilians lost their lives and at the end, Deby survived this attack thanks to his strong military (May &Massey 2007).

Table 2.The Internal Conflicts that Chad experienced since the extraction of the oil

May 2004	A failed attempted coup committed by some elements of presidential guard
December 2005	A bloodshed clash between the Chadian Army and the rebel group in which At least 370 people died from both side at Adre Chad-Sudan border
May 2006	More fighting between the Chad's Army and RAFD in which 200 Chadian troops died
April 2006	FUC rebel seized several key towns before reaching the capital in the early morning of April the 16th fighting took place in the capital hundreds of civilians lost their lives. The president resists the battle and refused to step down again. The following day Chad's troop backed by the French's army defeated the rebel group.
April 2006	UFDD rebel group in many fighting before they were able to capture key towns in eastern Chad where they had the total control of these town for some time.
February 2008	Attack by the Alliance National rebel coalition in the capital that almost overthrew the president, the last fighting took place in front of the presidential palace before the president got support from French's troops and also conflict within the rebel group that help Deby to remain in power, otherwise the whole country thought it was the end of era of Deby (BTI 2016).

Source: May and Massey, Writenet (2007)

As far as internal conflicts are concerned, this paper argues that the outrage of the patronage network in Chad's government has led the country to conflicts. Deby came to power through his ethnic group's help who fought with him to overthrow the former regime. This ethnic-based regime turned into a patronage client's relationship when the country began producing oil. The president and his elites dominated the country's economies and politics. The country's wealth is distributed among them and their clients. This has caused frustrations and waves of anger among Chadian people.

Apart from internal conflicts, Chad was involved in regional conflicts. Hence, since 2005, Chad had been at war with its neighbored country Sudan. The two countries went through power struggle in which each country helped the rebel group fighting the opposing country. In 2010, the two government met in Libya to solve the matter that ended each government supports its enemy's rebel (May &Massey 2007). After the agreement with the Sudanese government, Deby was no longer disturbed by any rebel faction as Sudan government did not allow the rebel in its territory. Since then, Chad's government depends on military and it keeps increasing the military spending. It was reported that Chad increased its annual military budget of app. $14 million in

2000 to an app. $315 million in 2009 which makes one the largest military power in Africa (International Group crisis 2009).

With such strong military force, the regime of Deby has become well-known throughout the region and it acts as a "sub-regional policeman" (International Crisis Group 2016). In 2013 Chad deployed more than 2000 troops helping French forces who were fighting against the separatist Touareg group in Mali. This group was considered as a threat to France's interests in Niger and label them as a terrorist group organization. Chad was part of the coalition the Multinational Joint Task Force (MNJTF) which was fighting against the Islamist militant group Boko Haram in Nigeria. In 2014, The Chadian president declared war against the Islamist group of Boko Haram claiming that the insurgency group was a threat to Chad's economy since Chad and Nigeria share borders. Therefore, Chad deployed 3,000 troops the second largest troops after Nigeria where is the home of the Islamist fighters. Another conflict that Chad was involved against, is the civil war in the neighbored country Central African Republic (CAR). Chad took part in that conflict between the Muslim Seleka and the Christian Anti-Balaka as African Union (AU) mission. The question is why Idriss Deby took such decisions to advertise Chad as a regional military power?

Therefore, many Chadians believe that Deby's intention of being a policeman of the region because he is rich having the oil money and eager to spend on military even though people are frustrated. The most important fact for Deby to take such actions, he wants to get support from France and the United State (US). His plan is that as long as he gets supports from these two countries, however, he is expected to remain in power for long time. There is no doubt that Chad's military operations against the extremist have gone very good for France and the US and they become closer after all. France and the US consider the jihadist fighters as the threat for their interests in the region, as such, they needed someone like Deby who is a military power in the region and ready to deploy when they ask him. As a result, Deby's military operations in Chad and beyond have successfully helped him to persuade the West which they were unwilling to support him in the past. Chad went from a failed state to a United Nations non- permanent member state in 2014 and Idriss Deby was appointed as the chairman of African Union (AU) in 2016 (International Crisis Group 2016).

Chad's military engagement in these wars certainly cost the government enormous amount of money. But the government was unhesitant to spend, nevertheless, consequently,

Idriss Deby has made all these decisions without consulting neither UN nor AU as support for funding. It was reported that Chad 's fight with Boko Haram has allegedly cost FCFA 6 billion by week in spring 2015 and FCFA 60 billion for the mission in Mali. The government spent such money without being assured that the money would be reimbursed (Marchal 2016).

In sum, the impacts of resource curse in Chad are greater, that is because of the political patronage that the Chadian government systematically practices in order to continue being in power. which is why this paper inquiring to answer the question from a political perspective.

Why the oil production in Chad does not help the economy of the country to grow, but instead it exacerbated it? This is because of lack the willingness of the government to promote economic development. Idriss Deby's intentions were not using the oil revenues for development, but obviously choosing long-term in office instead. That is why he did not comply with the rule of CCPP, he broke the deal that was set with the WB. Institutions in Chad are very weak and they lack capacity that they could not put things in order during the oil extraction. For instance, the institution such as CCSRP was established to restrain and monitor the oil revenues, but because of lack of competence the government was able to control it and made it dependent on the government. Thus, in this context, the WB must accept the blame of the complete failure of oil to restoring Chadian economy. The WB should have known the consequences when it approached the Chadian government to negotiate the agreement of extracting the oil. Chad was not ready to manage such industries, there was not even a single effective institution that would manage to keep the oil revenues transparent.

The oil curse's effects in Chad base on political perspectives have been explored that the resources revenues made the government corrupted, instead of spending on necessary projects that can grow the economy, but the government used revenues to build a large political empire in which the oil revenues are distributed within this empire. As is suggested by the theory of resource curse many governments which their countries export primary resources are likely to be authoritarian regimes and they are not accountable to their people. In Chad, there has never been a democratic regime even before the exportation of the oil. This is because of the repression of Deby's regime. Deby uses violence to control people's voice not to be heard.

Throughout Deby's presidency numbers of fightings took place between the rebel groups and the government. Two battle took place in the capital. Deby assumed power through a military coup, a regime that based on his ethnic group patronage system. The domination of this

entourage to the country's revenues and the mismanagement of the oil revenues have caused of angers and frustrations among the population including members of his government. Deby did not hesitate to buy weapons and recruit more soldiers to secure his power. It was reported that Deby spent $315 million in 2009 on weapons. Idriss Deby's regime was well known for its regional military power when the country took the lead to fight in Nigeria, Mali, and CAR. Institutions and Chadian people accusing the president of using public funds to buy weapons seeking for more years in office. The military operation in Mali has cost CFAF 60 billion and CFAF 85 billion in Nigeria fight against Boko Haram.

4.0 The Impacts of the Natural Resource Curse on Social and Economic Development in Chad

Table 1 on page 20, shows that from 1990 when the current President Idriss Deby came to power in 2000 when the project of oil extraction approved, Chad's real Gross Domestic Product (GDP) grew only by 1.6% annual average. When the oil production becomes operational in October 2003, the exportation of oil has boosted the country's GDP to jump to 33.6%. this has made Chad become the highest growth rate in the world by the end of 2004. The booming of oil exports in Chad has helped the country to reduce its external debts from 50.2% of GDP in 2003 to 20.5% in 2006 (Kojuchrov 2007).

The decline in oil price has negatively affected Chad's economic and social development. IMF (2016) report shows that the dropping of oil's price has brought Chad's economy to the ground. In 2013 and 2014 the price of a barrel crude oil was $100, and now it dropped to $ 43 and $ 34 in 2015-16. This has affected the oil-sector growth by -5.9 and by a huge cut in government budgets. At the beginning of 2016, the investment in oil companies has been cut by 80 percent as the drop in oil price was continuing to drop dramatically. Other sectors such as livestock, commerce, communication, and transport sector have been affected both by security concern in the region and also the slow activity in the oil sector, thus, there is lack of fund to support the other sectors (IMF 2016)

According to Couderc's (2018) work, he finds that since Chad was hit by the recent economic stagnation, Chad lost revenues from oil extraction from USD 1 billion in three years to just USD 60 million in 2017 and the country's GDP growth contracted by 3.4 percent in 2016 from the year before. These economic challenges have been difficult for the Chadian government as 75 percent of the national revenues comes from oil production. Above all these, the government has been under a lot of pressures from Glencore oil company, for the last few years, Glencore has been demanding USD 2 billion money from Chadian government that it borrowed in 2013 (Couderc 2018).

Figure 3 gives information about the drop in oil prices. According to IMF, the net oil revenues that dropped during the first six months of 2016 was estimated to be CFA Franc 25 billion for the year, 80 percent lower compared to the year of 2015. This phenomenon has also caused lots of trouble for the government to deal with the annual budget cut. Since the country

was running out of money, the government was forced to reduce its annual budget of 2016 by 23 percent below the year of 2015 and 44 percent less than the year of 2014 (IMF 2016).

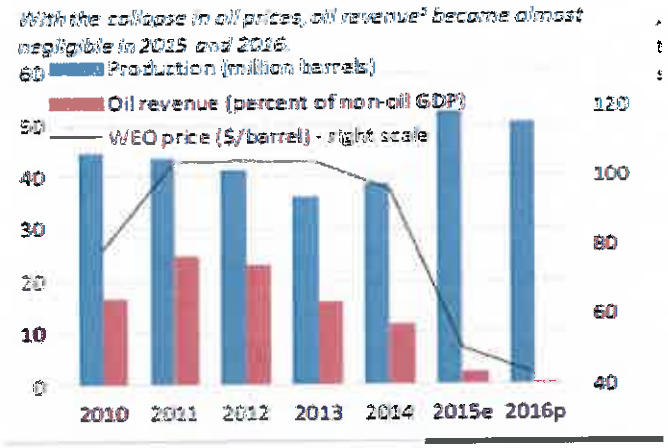


Figure 3. Chad: Economic Developments, 2010-*16*

Source: Chadian authorities, IMF 2016

Furthermore, Figure 4 shows that the contribution of non-oil revenues in real GDP growth has sharply decline in 2016. the indicator shows approximately CFAF 415 billion in Chad's GDP has fall in 2016, that makes 3 percent lower than the year before (Data on current economic indicators are not available).

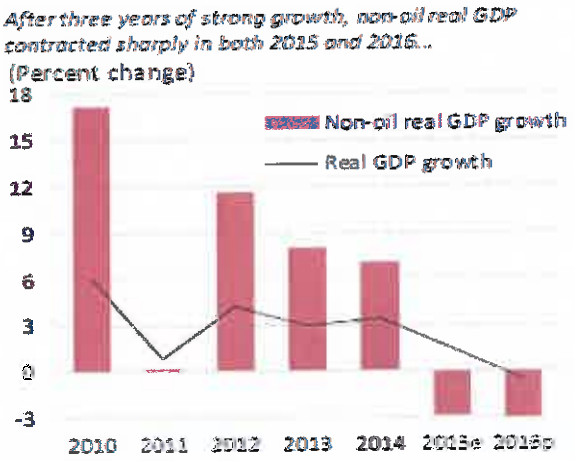


Figure. 4Chad: Economic Development
Source: Chadian authorities and IMF, 2016

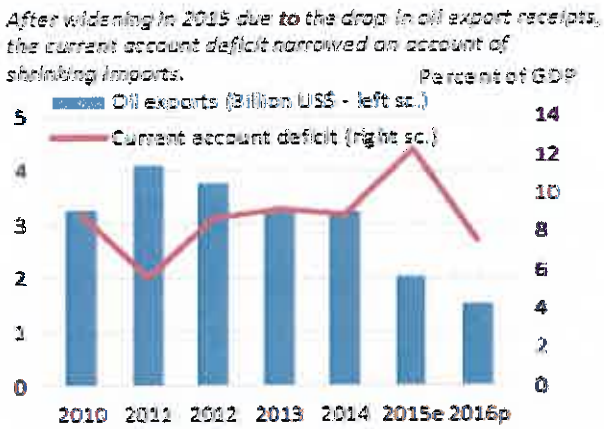


Figure. 5Chad Economic Development, 2010-16
Source: Chadian authorities and IMF, 2016

Figure 5 explains that the declining of oil demand in 2016 has decreased the country's import and Export due to the fact the country heavily depended on exporting oil, as a result, the country's account deficit narrowed to 7.5 of GDP. Many of Chad's investments come from the oil sector and since the investment in oil has been declining, foreign direct investment (FDI) also has fallen sharply, for instance, construction sectors are stopped (IMF 2016).

Another economic indicator shows that Chad is an oil producer country, but it does not attract Foreign investors. "Chad was 167th out of 179 countries in the Heritage Foundation's 2014 Index of Economic Freedom, 143rd out 144 countries in the World Economic Forum's 2014-15 Global Competitiveness Index, and 185th out of 189 countries in the World's 2014 Doing Business report (BTI 2016, p. 17). There are numbers of factors led the country not being a suitable environment for investment. There is bad infrastructures and power cut problems in Chad. Due to 80 percent of the population are farmers or herder lack of skillful labors is another problem, corruption and patronage system are considered as a legal activity in the country (BTI 2016).

These negative impacts have caused serious challenges to the basic domestic activities, such as livestock, commerce, communication, and transport. In June last year, the government announced an austerity measure (16 austerity measure) that includes 50 percent of civil servant's salaries were reduced, cutting the annual university students grants completely from public spending (IMF 2016).

This has caused severe challenges for the civil servant who just rely on small wages. Therefore, workers in the department of education cannot make extra money other than their salaries, it has been very challenging for them. People whiteness that teachers were thrown out from their houses as they did not afford to pay the rental house, patients in hospitals remained untreated due to lack of doctors. while schools were closed for almost 4 months in 2017 because teachers went on multiple strikes. The same case for doctors in public hospitals do not work as they went on strike. For that reason, in recent years many doctors open private clinics for people who afford the price. But for many Chadians private hospital are very expensive, hence, they cannot afford to treat in private hospitals.

The United Nation Development Program (2015) reports that Chad currently is 185 out of 188 countries in the Human Development Index. The current crisis started with the dramatic dropping of the oil's price, and since then the Chadian people have been experiencing the difficult time. According to the World Bank (2017) report, the poverty rate in Chad is expected to rise to 39.8% in 2019. due to the fact that the country's primary income is oil, besides livestock and agriculture.

According to Bertelsmann Stiftung's Transformation Index (BTI 2016) that in Chad access to economic power is given according to ethnics and religions. The highest and the privilege positions are only given to the member of the ruling clan and the family of the president. Oil revenues are the main country's economic income, but the revenues are not used to help reducing poverty and improve health and educations, they are unequally distributed due to the patronage politics. This has caused 60.5% of the population is below the poverty line with $2 per day. People in rural areas are more affected, accordingly, 72% of the populations live in rural areas are under the poverty line and 80% of Chadian population are farmers and herder who their activities affected by the recent economic crisis. (BTI 2016).

The International Crisis Group (2016) finds Chad is ranked as the second malnourished nation in the world, with 4.4 million people, making a third of the population. Especially people in the south-west areas where Boko Haram, the Islamic jihadists fighter have been a threat for the last 6 years. As Chad's primary income is dependent on oil revenues and also it is a landlocked country, Chad has to rely on external imports from countries like Nigeria or elsewhere using Cameroon's port of Doula. Chadian government had to close the border between

Chad and Nigeria, due to the threat that is posed by the radical group Boko Haram. This has heavily affected the commercial activities, as Nigeria is the country that Chad imports many of its basic needs including foods, and in return, Chad exports its livestock to Nigeria. The exportation of the livestock has dropped and is no longer active because of the lack of security at the borders. The herders cannot export their livestock to the neighboring countries, they are forced to sell in Chad with at a very low price that in return will not benefit them. It is very hard for traders to transport their goods via other roots, as the cost of transport is rising rapidly due to long distance.

The same study reveals that the recent economic crisis has mostly affected the youth. Young people that are fresh university graduates struggling to find jobs, they are frustrated as the government seems very unlikely to get them out from this crisis. There are very limited opportunities for students who finish high schools, enrolment into universities is very low, due to the limited number of public universities. Ordinary parents cannot offer to send their children to private universities. This makes many young people frustrated, they wish to leave the country for opportunities elsewhere. (İCG 2016).

Conclusion

This thesis is an exploring research paper that has sought to analyze the effects of resource curse in Chad by answering the question of what the effects of the Resource Curse on Chad's economic and social development are. The thesis applied the theory of resource curse to analyze this research question. According to the theory of resource curse, there are two factors that can explain the resource curse: The economic and political factors.

The finding of the analysis focusing on political factors shows that the main reason that leads Chad to experience the resource curse is the patron based government in Chad. This regime has been an impediment to economic growth as it is based on politics of patronage, and uses the country's national income in order to expand its patronage politics system so that the president can maintain his power without any threat of being ousted. It was reported that "the petroleum revenues management system brokered with the WB has failed, and the revenues have been used by the government to buy arms, pay for some infrastructure and feed the patronage network to maintain support for the current president" (BTI 2016, p. 25).

The second factor in the political mechanism is that natural resources can prevent democracy to function properly. In Chad democracy is not something that the Chadian people enjoy even before the current regime, democracy never existed even before the country explored its natural resources, this is because of the French colonial's legacy. But the oil production has exacerbated democracy, by motivating the regime to be more repressive. Idriss Deby uses cabinet reshuffle to manipulate the Chadian people. Thus, he ostensibly promotes good governance by firing and hiring people in the cabinet to prevent any political rival. Deby's regime was well-known as one of the cruelest repressive regimes in Africa. Jailing and killing of opposition were common in Chad (BTI 2016, Chad Country Report).

The Agence National de Securite (ANS) is Chad's national intelligence agency. This agency is run by the president's closest clan and elites; it is one of the most brutal agencies. Manipulating and threatening journalists, opposition parties are common practice in the agency. The intelligence offers a large amount of money and in return, you must support the policies of the president, otherwise, you might be jailed or threatening to be killed. There have been many

victims who fled the country and they left their families behind because of the threats posing by the agency.

Although armed conflicts were not an unusual phenomenon in Chad in the 90s, after the oil's extraction the number of conflicts increased. Since the current regime came to power, all the privileges were given to the president's members of the ethnic group. Access to positions in government is based on patronage system and in case if you do not belong to their elite, you have to buy a position in the government. This outrage made many Chadian people to rebel against Deby. In 2008 a coalition of two rebel groups almost overthrew Deby, they made an offensive attack from the Sudan-Chad borders until they reached the capital city on February the 2nd 2018. Deby was able to win each battle, thanks to the French troops who were based in Chadian Capital (May &Massey 2007).

In response to these conflicts, the president decided to strengthen his own security that allowed him to remain in power by buying more weapons and recruiting many soldiers in the security department. Many Chadian believe that the president embezzled the first oil revenues after reaching the international market, his works on development were very limited, but he invested quite a large amount of money on security. It was estimated that Chad has spent $315 million to buy weapons in 2009 which makes one of the largest military power in Africa (International Group crisis 2016).

Above all these, the case of military increasing has caused outrage effects among the civil society, when the president was seeking to be a regional military power. Therefore, he deployed thousands of Chadian troops in regional conflicts which were no threat to Chad. Conflicts such as the war in Mali, the fight against Boko Haram and the war in CAR. People were shocked and worried. Many thought that these military operations might lead the country into a serious social crisis because the country is quite vulnerable even without being in wars, which in fact caused an economic and social crisis. The military operations have caused serious concern to Chadian economy as the government embezzles public's money to buy more armies. It was reported that Deby spent FCA Franc 60 billion for the war in Mali and FCA Franc 85 billion for the one in Nigeria. The military operations were an opportunity for him to gain international support, particularly in France and US as his intention only to seek more years in power (May &Massey 2007 and BTI 2016):

Although the economic factors have no huge impacts on the economic development as explained by the theory of the resource curse, but looking at the recent economic of the country, the decline of the oil's price has brought some serious challenges to the Chadian government. There has been fear that even Chad might be into bankruptcy. Data shows that the price of a barrel crude oil was $100 in 2013-14, it dropped to $ 43 and $ 34 in 2015-16. This has caused to the oil sector to suffer a declining of – 5.9. in 2016 alone, and the investment in oil companies have been dropped by 80 percent (IMF 2016)

The empirical result finds that the dropping in oil price has caused Chad losing FCA Franc 25 billion just in the year of 2016, that means 80 percent lower compared to the year of 2015. As such, the government had to cut the budget of 2016 by 23 percent below the year 2015 and 44 percent less than the year of 2014. With such huge negative impacts of oil on Chad's economic development, social crisis is a current phenomenon that the society struggle with it (IMF 2016).

We could have witnessed Chad without the resource curse in case if the government had followed the strategies of a country like Botswana which also a natural resource exporter. Botswana has managed to turn its resources into development and poverty reduction rather than a curse (Meijia &Castel 2012). This thesis recommends to the Chadian government to implement the same approaches as Botswana. Chad's government needs to implement economic diversification which promotes non-oil economic growth and it must open the country to international investors. Then the government must start working on improving domestic problems such as good infrastructure, permanent electricity power, and security. The second approach is that Chad must end the management of the country's fiscal by the IMF. The government should take its responsibility to manage its fiscal policies by implementing strict fiscal discipline that will end the patronage network system. One of the most important approaches that Chad should learn from Botswana is the good governance. Botswana's success in managing its natural resources is due to the effective institutions. According to Meijia &Castel (2012) four aspects of governance that led Botswana to manage its natural resources: Voice and accountability, government effectiveness, market-friendly regulation and anti-corruption policies, which all of them Chadian government should learn.

I argue that the oil production has been disaster for the country's economic growth. One can say that Chad's socio-economic would have been better without the oil production. There is no doubt that oil has contributed to Chad's developments, especially from 2010 to 2012 when the government built some schools and one of the two universities in the capital. Many Chadians believe that the government could have done far better than this. The problem of Chad's economy stagnation is the rentier economic which has caused corruption and strong political elite. The president had no wills of developing the country. His intentions to be in power and help those who seek for resource rentier. Once the oil revenues started to flow in the country, these revenues have just helped Deby's regime to be one of military power regimes in Africa. The oil revenues have been also the cause of the ongoing patronage network in the government which in fact this thesis claims that it is the one of the serious impacts that the oil has brought to the Chadian people. Thus, this patronage scenario as Collier (2007) mentions that it is very expansive to be feasible, but for the president, he could successfully maintain his power through expanding patronage elite, and considering the time that this regime has been enjoying the country's resource revenues, nevertheless, this system is very unlikely to collapse. The thesis claims that the previous studies on this topic failed to demonstrate deeply that the patronage system has greater negative impacts on Chad's economy development and this makes this paper different from the other works.

What does future hold for Chad? The government's reaction toward the current crisis was IMF and the WB as its backup alternative seeking for help. IMF agreed to fund Chad managing its fiscal, but as always under some harsh conditionalities - IMF proposed a program called the National Development Plan (NDP). The plan compromises four strategies which are; strengthen national unity, improve governance under the rule of law; diversify the economy and improve its competitiveness, and social protection. If all these strategies met by the government, however, the WB would set a roundtable along with the international investors to issue financial assistance to the Chadian government (IMF 2016). In September last year, the Chadian government managed to walk away with $ 20 billion from that roundtable including $1.1 billion that WBG pledged to help Chad to get out from the current crisis, $100 million from the International Finance Corporation (IFC) and app. $14 billion from private sectors. WBG offered the help but under conditionalities that Chad must implement an austerity measure in which the government cut numbers of public spending including salaries of civil servants and the student annual grants

in Chad (WB 2016). But none of the opposition parties attended the roundtable, they refused to be part of the NDP. Thus, they believe that roundtable was not the first time in which the government sought help from international donors. But none of them was successful. The civil society and the opposition parties seem like they are tired of Deby's policies, there were numbers of uprising both in 2017and 2018 in which civilians and oppositions leaders took the streets showing their anger of how Deby manages the country, something that was very unusual before. There is no doubt that Deby will ever stop using funds to buy more weapons and supports the patronage system which is the key success of him holding the power.

But the question every Chadian asks is that how long Deby and his elite will enjoy this lavish lifestyle while the country's economy is collapsing? Many experts and Chadians think that Chad will go toward civil war and armed factionalism. Therefore, Deby will keep using repression to arrest oppositions and kill protestants on the streets who are already showed to the president that they do not fear from his repression. there is a big probability that the civil servants and the oppositions will keep protesting. Especially people from southern non-Muslim communities who their grievances are already shown during the recent years, this might lead the country into a civil war.

5. APPENDİCES

APPENDIX 1. Table 1: Economic and Financial Indicators for Chad

Indicator	2003	2004	2005	2006/E	2007/P
Real GDP (annual % change)	14.7	33.6	8.6	1.3	-1.2
CPI Inflation (annual % change)	-1.8	-5.4	7.9	7.9	4.0
Current Account Balance (% of GDP)	-47.4	-4.8	1.1	1.8	5.3
External Debt (% of GDP)	50.2	35.0	27.0	20.5	24.1

source: IMF ,2007

APPENDIX 2. The Internal Conflicts that Chad experienced since the extraction of the oil

May 2004	A failed attempted coup committed by some elements of presidential guard
December 2005	A bloodshed clash between the Chadian Army and the rebel group in which At least 370 people died from both side at Adre Chad-Sudan border
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April 2006	UFDD rebel group in many fighting before they were able to capture key towns in eastern Chad where they had the total control of these town for some time.
February 2008	Attack by the Alliance National rebel coalition in the capital that almost overthrew the president, the last fighting took place in front of the presidential palace before the president got support from French's troops and also conflict within the rebel group that help Deby to remain in power, otherwise the whole country thought it was the end of era of Deby (BTI 2016).

Source: May and Massey, Writenet (2007)

APPENDIX 3.

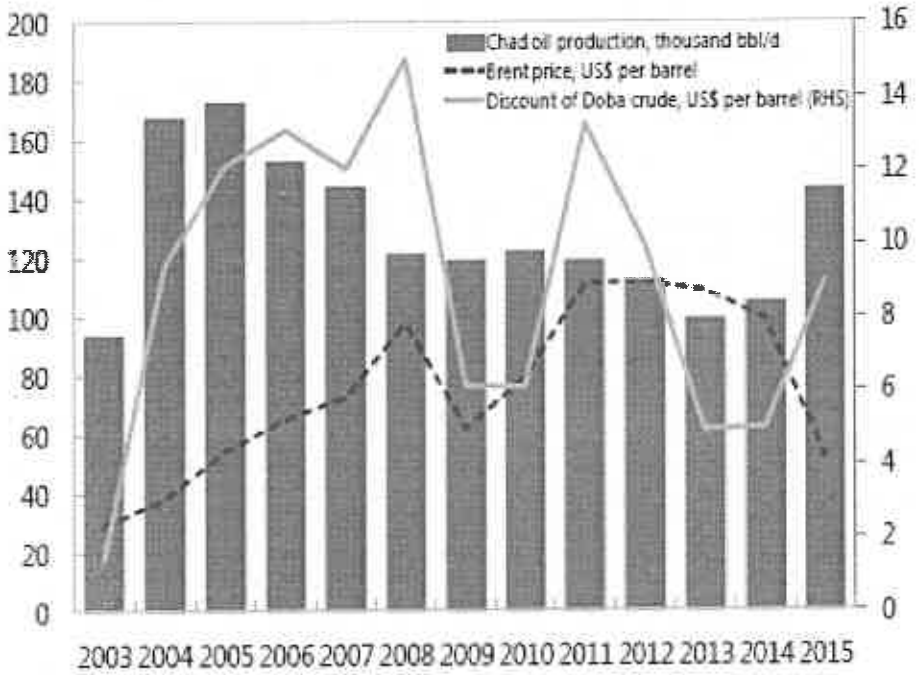


Figure 1. Chad's oil profile, 2003-15
Source: IMF, 2016

APPENDIX 4

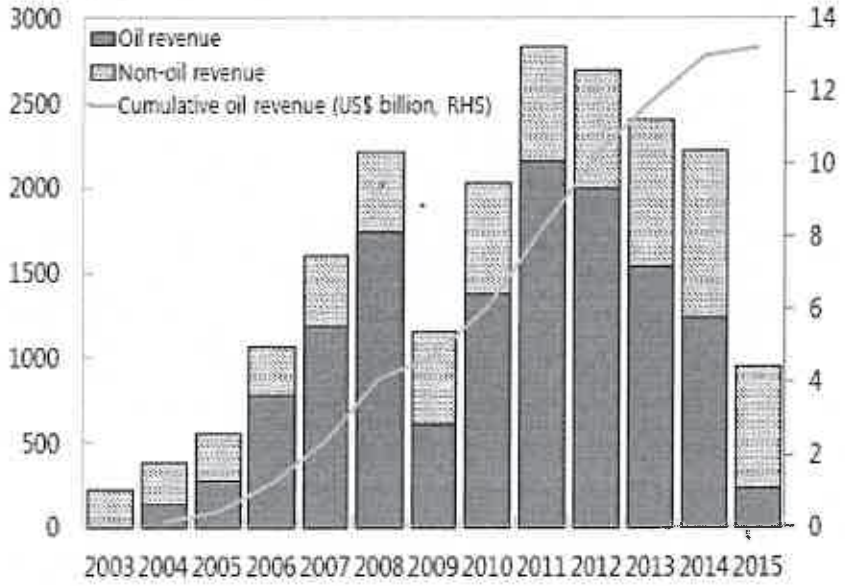


Figure 2. Chad Oil and Non revenues, 2003-15 (Million dollar)

Source: IMF, 2016

APPENDIX 5.

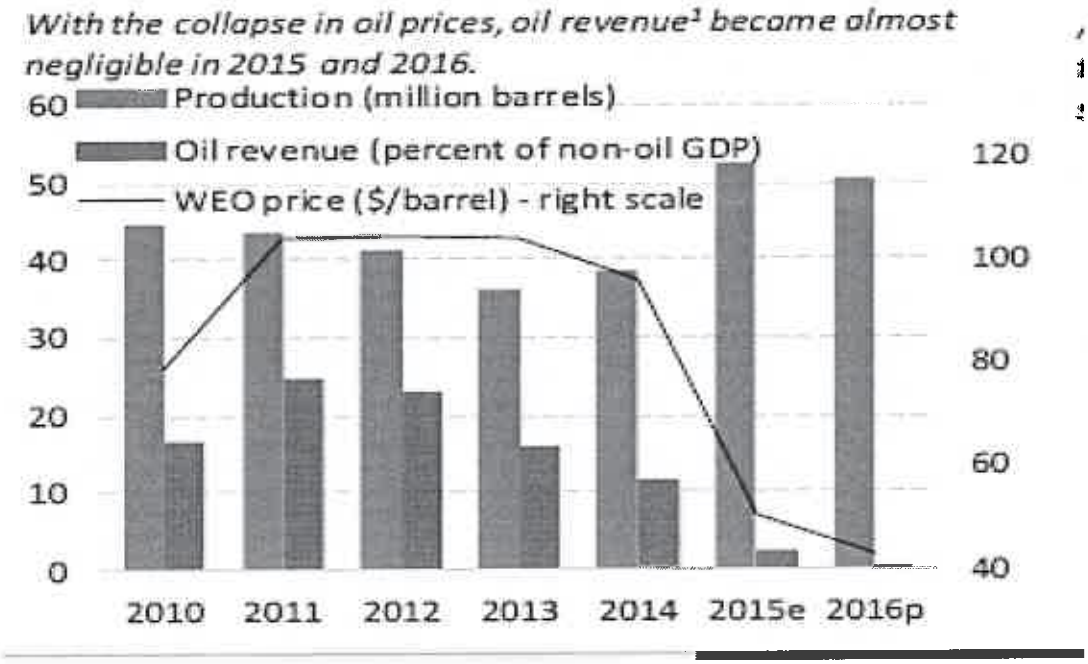


Figure 3. Chad: Economic Developments, 2010-16

Source: Chadian authorities and IMF, 2016

APPENDIX 6.

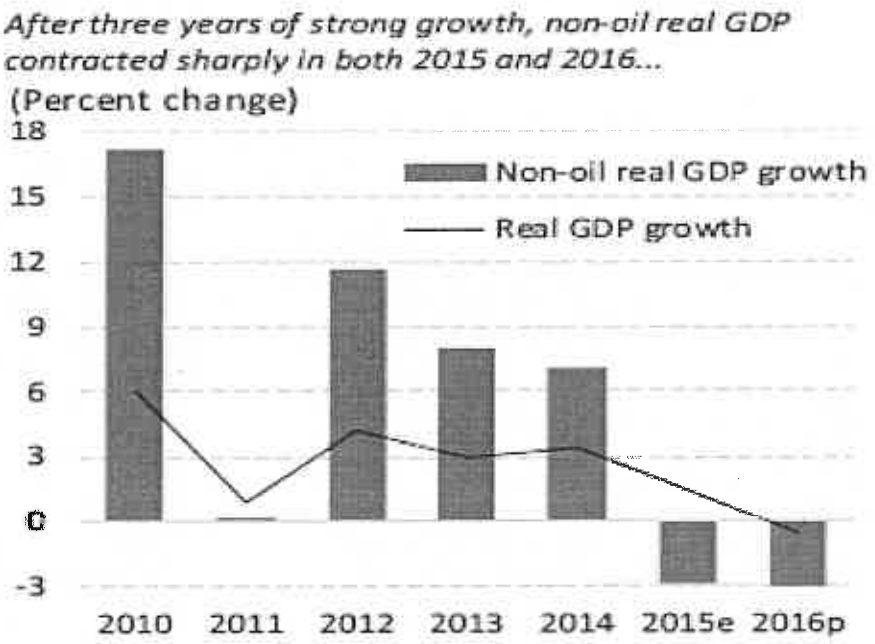
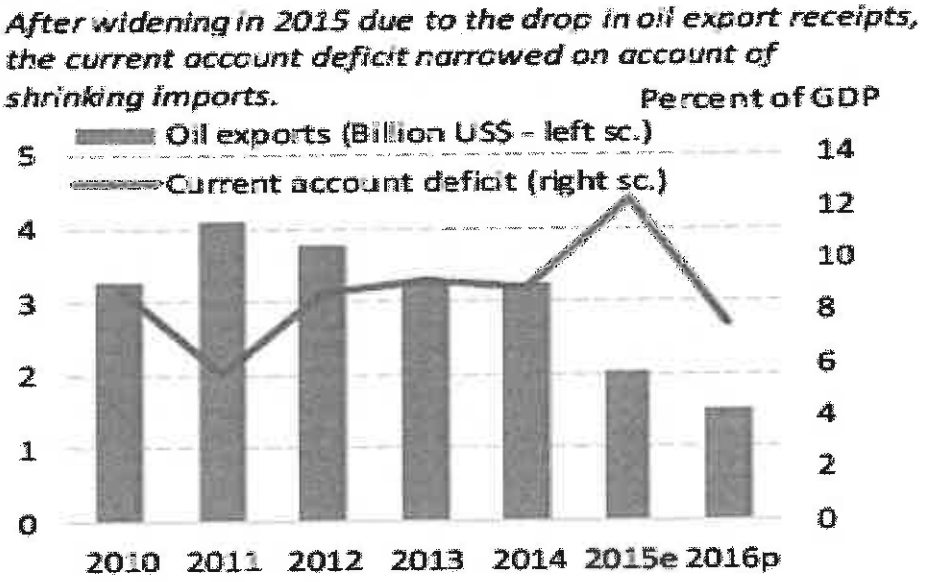


Figure 4. Chad: Economic Development 2010-16

Source: Chadian authorities and IMF, 2016

APPENDIX 7.



Figures 5 Chad: Economic Development 2010-16

Source: Chadian authorities and IMF, 2016

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